

CARLUCCI

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White House nomination sent to Senate:  
20 JAN 78  
(per Ginny)

Senate approval: 9 Feb 78

Swearing-in: 10 Feb 78



## CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D. C. 20505

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10 February 1978

IMMEDIATE RELEASEFRANK C. CARLUCCI SWORN IN AS DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE

Frank C. Carlucci, 47, a 25-year veteran of public service, was sworn in today as the new Deputy Director of Central Intelligence. He assumes his new post immediately.

Admiral Stansfield Turner, the Director of Central Intelligence (DCI), administered the oath of office in a ceremony at CIA Headquarters.

Carlucci's nomination for the post was approved by the United States Senate on 9 February.

Carlucci's swearing-in completes the appointments to Admiral Turner's most senior management staff. The other members of the team are Mr. Robert Bowie, who assumed his duties as Deputy to the DCI for National Intelligence and Director of the National Foreign Assessment Center on 4 April 1977; Lt. Gen. Frank Camm, USA (Ret.), who became Deputy to the DCI for Collection Tasking and Director of the National Intelligence Tasking Center on 3 October 1977; and Mr. John Koehler, who assumed the newly established post of Deputy to the DCI for Resource Management and Director of the Resource Management Staff on 1 February 1978.

-END-



# ***Notes from the Director*** **No. 19**

22 December 1977

## **PRESIDENT NOMINATES NEW DDCI**

The President today announced his intention to nominate Frank C. Carlucci, 47, currently the United States Ambassador to Portugal, to be the Deputy Director of Central Intelligence.

I proposed Mr. Carlucci to the President because his varied experience in the foreign service and in other high level government managerial posts make him particularly well suited for the position of DDCI.

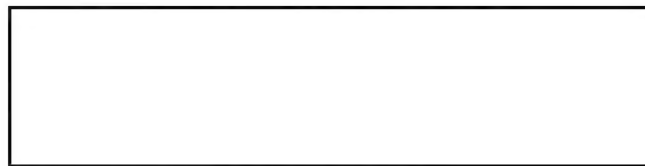
A distinguished diplomat, Mr. Carlucci has spent virtually his entire career since his graduation from Princeton in 1952 in government service.

Biographical information on Mr. Carlucci follows.

**BIOGRAPHICAL INFORMATION**  
**FRANK CHARLES CARLUCCI III**

December 1974 - Present	United States Ambassador to Portugal
1972-1974	Under Secretary of the Department of Health, Education and Welfare
1971-1972	Associate Director and Deputy Director, Office of Management and Budget
January - September 1971	Director, Office of Economic Opportunity
1969-1970	Assistant Director for Operations, Office of Eco- nomic Opportunity
1965-1969	Counselor for Political Affairs, Rio de Janeiro, Brazil
1964-1965	Consul General, Zanzibar
1962-1964	Officer in Charge, Congolese Political Affairs
1960-1962	Second Secretary, Political Officer Kinshasa, Congo
1957-1959	Vice Consul, Economic Officer, Johannesburg, South Africa
1956	Foreign Service Officer, Department of State
1955-1956	Jantzen Company, Portland, Oregon
1952-1954	Served in United States Navy as Lieutenant (Junior Grade)
1952	Graduated from Princeton University
	Born 18 October 1930 in Scranton, Pennsylvania

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**STANSFIELD TURNER**  
Director

February 9, 1978

Approved For Release 2003/04/02 : CIA-RDP91-00901R000100150001-3  
CONGRESSIONAL RECORD—SENATE

S 1719

bid for governor of Georgia, his Thomas County campaign chairman and fundraiser was Frank H. Neel.

In 1970, when Carter ran again and won, Carter county chairman Neel was appointed to the Georgia Democratic Committee and two other state boards.

In the winter and spring of 1976, Neel left his \$2 million-a-year business for months and campaigned for Carter in the New Hampshire, Florida, North Carolina, Wisconsin, Pennsylvania and Ohio primaries. In the fall, he joined the Peanut Brigade in New Hampshire and Vermont.

Today, the Senate Commerce Committee is scheduled to vote on Neel's appointment to the Amtrak board—the body that sets the rates and decides the routes for the federal railroad network. It should be routine.

But Sen. Robert P. Griffin (R-Mich.) is even more skeptical than the folks in Thomasville about the remarkable transformation in Frank Neel's life.

It's not the money—only \$300 plus expenses for each of Amtrak's monthly meetings—Griffin says. It's the principle of the thing.

"The administration has put you forth as a consumer representative and . . . as an independent," Griffin told Neel during a brief confirmation hearing last November. "As a Republican, I don't like this at all. I think this is circumventing the purpose and intent of the statute."

Griffin said yesterday that he would raise the same objections today and insist that Neel be recalled for further questioning.

Neel says he can't understand it. He said in his original statement to the committee that he had voted for Dwight D. Eisenhower and Richard M. Nixon every time they ran, and he has since had at least three Republicans from his hometown write Griffin that they believed he had supported those Republican presidents against their Democratic opponents.

As for his membership on the state Democratic committee, Neel says it lasted only one year and involved only one meeting he can remember.

Further, he said in a telephone interview, "all the Republicans in Thomasville are my very dear friends. They know if it hadn't been Jimmy Carter running, I would have been very much for Jerry Ford. I just like Jimmy Carter, and if he had gone Republican, I would have been a Republican."

As for his consumer credentials, Neel said, "I'm a conservative businessman and I think I can represent the consumer as well as anyone on that board." He said he knew the problems people faced when the air conditioning broke—a condition not unknown on Amtrak trains—and thought he could give useful advice on what to do.

While it is true, he said, that he had not ridden a train in this country since 1964—a fact Griffin brought out in the November hearing—Neel said that in the last couple months "the conductor of the Floridian has been coming by a couple times a week, between runs, and I've been furnished an amazing amount of information by him. Joe Cannon, I believe his name is."

The White House personnel office, which is treating the nomination with the sensitivity of a top-level Central Intelligence Agency appointment, refers all inquiries about Neel to the press office. There, no one professes to know how the computer picked Neel for Amtrak.

Neel says: "I just told those folks I'd be willing to help anywhere they thought I could help. I never said anything about railroads. Actually I thought it would be something in the post office department. But, heck, I'm a guy who went into the Navy thinking I'd go to Saipan and I ended up at the Charleston Navy Yard."

#### ORDER FOR RECESS TO 10 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### ORDER FOR RECOGNITION OF SENATORS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the prayer on tomorrow morning the orders for the recognition of two Senators immediately be entered.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### ORDER FOR RESUMPTION OF CON- SIDERATION OF UNFINISHED BUSINESS ON TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I make this request with respect to the orders for the recognition of Senators as in legislative session. I ask unanimous consent that at no later than 10:30 a.m. or upon the completion of the two orders for the recognition of Mr. CLARK and Mr. GARN, whichever is the later, the Senate resume its consideration of the treaty.

The PRESIDING OFFICER. Without objection, it is so ordered.

[Later the following occurred:]

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at the hour of 10:30 a.m. tomorrow morning, the debate resume on the treaty.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### ORDER FOR DEBATE ON THE TREATY TO CLOSE NO LATER THAN 5 P.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the debate on the treaty tomorrow close at no later than 5 o'clock p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### ORDER OF BUSINESS

The PRESIDING OFFICER. Under the previous order, the hour of 6 p.m. having arrived, the Senator from Kentucky (Mr. HUDDLESTON) is recognized, as in legislative session, for not to exceed 1 hour.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator from Kentucky yield to me for not to exceed 2 minutes?

Mr. HUDDLESTON. I yield.

Mr. ROBERT C. BYRD. I thank the Senator.

#### NOMINATIONS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent, as in executive session, that the Senate proceed to the consideration of the two nominations on the Executive Calendar.

Mr. BAKER. Mr. President, reserving the right to object—

Mr. ROBERT C. BYRD. We are considering nominations as in executive session.

The PRESIDING OFFICER. We are as in executive session.

Mr. BAKER. Mr. President, reserving the right to object—and I will not object—I rise only to advise the majority leader that the nominations appearing under "Central Intelligence," Mr. Frank C. Carlucci, on page 1 of the Executive Calendar, and under "Department of Justice," Mr. William H. Webster, of Missouri, to be Director of the FBI, on the second page of the Executive Calendar, are cleared for action here; that I am prepared to waive the 3-day rule requirement as it relates to Judge Webster, and that I have no objection to proceeding to the consideration of the confirmation of these two nominations.

There being no objection, the Senate proceeded to consider the nominations.

The PRESIDING OFFICER. The nominations will be stated.

#### CENTRAL INTELLIGENCE

The second assistant legislative clerk read the nomination of Frank C. Carlucci, of Pennsylvania, to be Deputy Director of Central Intelligence.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

#### DEPARTMENT OF JUSTICE

The second assistant legislative clerk read the nomination of William H. Webster, of Missouri, to be Director of the Federal Bureau of Investigation.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of the nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### THE PANAMA CANAL DEBATE

Mr. ALLEN. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. I yield.

Mr. ALLEN. I should like to point out to the distinguished majority leader that further evidence of the fact that we are not seeking to delay a final vote on the treaties is the fact that the distinguished majority leader moved to proceed to the



background in government and national security affairs and has run the obstacle course of bureaucracy with great ease—not least due to the fact, no doubt, that he is an accomplished jogger—something which, in my own experience, I can testify is a talent not to be scoffed at.

The intelligence business has been badly buffeted in recent years, and Frank will do much to put it on even keel. He is a veteran professional, and yet he represents fresh blood and ideas. He is a co-operative and perceptive individual who will work well with Congress, and who will do this committee great credit if it chooses to confirm him. I commend him most highly.

### PRODUCTIVITY—AN INTERNATIONAL CONTEST

Mr. NUNN. Mr. President, I am convinced that the improvement of productivity in this country is of vital importance to our economy.

The most recent issue of the publication *Industrial Engineering* contains an article by Joseph H. Kehlbach entitled "Productivity, an International Contest." Mr. Kehlbach, current president of the American Institute of Industrial Engineers, has raised several important points regarding productivity which I believe would be of interest to our colleagues.

Mr. President, I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[A number of the charts referred to in the following article are not reproducible in the RECORD.]

#### PRODUCTIVITY—AN INTERNATIONAL CONTEST

IE's around the world are faced with similar demands. How can they measure the scope of their country's problem? Output per employee, trade balances, R & D spending, and capital expenditures are basic yardsticks. Using national productivity centers and other resources of the profession, IE's bear key responsibilities for improvements.

It is important for all of us to recognize the need for productivity and what we can do as industrial engineers to make this a better world in which to live. Every major country is engaged in a productivity battle with all of the other major countries of the world. This battle is going on every day. It is not being fought with cannons, airplanes, and warships; it is being fought in every factory every day as that factory competes in the world market.

#### MANUFACTURING OUTPUT PER EMPLOYEE

Country	Average annual percent change				Rank
	1966-75	1970-74	1974-75	1970-75	
United States.....	2.0	2.7	-0.2	1.8	8
Canada.....	3.9	3.5	1.5	3.0	6
Japan.....	3.0	7.1	-3.1	5.4	2
France.....	4.8	5.0	-3.3	3.4	5
Germany.....	5.3	5.8	3.3	5.4	3
Italy.....	5.2	7.6	-3.0	5.0	1
Sweden.....	5.8	5.2	-3.4	4.4	4
United Kingdom.....	3.3	4.4	-3.1	3.0	7

Source: U.S. Department of Labor.

Figure 1. Percentage change in manufacturing output per employee is one indicator of productivity trends. The United States ranked 8th in this field of 8 for 1970-75.

The winners in this battle are going to generate jobs, improve their standard of living, and reduce taxes. At the same time, the losers in this all-important battle are

going to see high unemployment, become a welfare state similar to what exists in England, and the standard of living will be lower than in other nations throughout the free world.

Since it is my home base, let me discuss fundamental problems with the United States as an illustration. A basic problem today in the U.S. is that the rate of growth of productivity is less than most other major countries of the world. Some may not agree with this statement, but the indicators that support this position are Productivity, International Trade, R & D spending, and Capital Expenditures.

Let's first look at Productivity. Figure 1 shows manufacturing output per employee. As you can see, the United States is number 8 in rank, or the lowest rate of growth in productivity of the eight nations shown. The number one country is Italy, believe it or not, with a 6 percent increase, followed by Japan and Germany with 5.4 percent, and then the other major industrial nations, with the United States having the lowest in the average annual percentage of change in the most recent period of time—1970-75.

BALANCE OF TRADE					
	1973	1974	1975	1976	1977
Food.....	\$5.8	\$7.9	\$3.4	\$8.1	\$5.2
Fuel.....	-8.3	-25.5	-26.6	-34.6	-43.9
Other.....	3.9	12.6	28.3	20.8	11.5
Balance.....	1.4	(5.0)	11.1	(5.7)	(26.2)

Fig. 3. Balance of trade figures for the United States indicate a precipitous turn to the negative from 1973 to 1977, obviously an unfavorable development.

Another way of looking at the rate of change is to assume the United States is at 100 percent, and the leader in productivity compared to other nations, Figure 2. As you can see tremendous growth has taken place in countries such as Japan, Italy, and Germany, and at the same time England has plateaued at about 50 percent of the productivity rate of the United States. Projecting this beyond 1975 you can see that by the year 1990, many of the countries throughout the world, if they keep pace with their present rate of growth, will actually be equal to or exceed the U.S. level of productivity.

Let's look at another indicator: International Trade—Something that we read about every day in the papers and the battle that the U.S. continues to lose.

You can see from Figure 3 that in 1973 the U.S. had a favorable \$1.4 billion balance of payments. This changed to \$5 billion unfavorable in 1974 with the advent of the higher energy costs—which skyrocketed to \$26 billion. In 1975, this reversed itself to \$11 billion favorable; in 1976 the U.S. was at \$5.7 billion unfavorable, and the latest projection for 1977 is a whopping \$26 billion unfavorable balance of trade.

The latest forecast for the balance of trade over the next few years indicates that this \$26.2 billion in 1977 will increase to \$28 billion in 1978, and level off at \$24 billion in 1979... A very unfavorable condition.

The third symptom is Research. Let's look at the dollars being spent for research and development in the United States. The growth in R & D spending has not kept pace with the increase in GNP since 1964. Federal spending has decreased appreciably in R & D as you can see by Figure 4. Due to this lack of funding by the United States, the total amount spent on R & D has substantially decreased over this period. This is a deplorable condition when you recognize that many of the real advances in consumer products have come about as spin-offs of federal spending in the aerospace industry.

To further support my contention that the U.S. is in trouble when it comes to basic

research, the trend chart in Figure 5 shows research funds in constant dollars. It shows U.S. total dollars in R & D have declined since 1967 with most of it in the area of development. The U.S. is still spending dollars in applied research and basic research, but has drastically cut back in the area of development where research is put to work to help mankind.

The fourth symptom is Capital Expenditures. Figure 6 shows that the dollars that the U.S. is spending on fixed capital formation as a percent of Gross National Product is the least of any of its major competitors in this economic battle. The U.S. is running at 17.4 percent. Japan is more than double the amount of U.S. investment as percent of Gross National Product.

I recently had the opportunity to talk with a number of Japanese industrialists. In our conversation it became apparent to me that they are spending large sums of money on very sophisticated equipment designed to drastically reduce labor and improve productivity.

Figure 7 is a busy chart which shows that the United States is not doing as well as its competitors in this economic battle when it comes to investment trends. The U.S. peaked late in 1973; dropped drastically in 1974 and 1975, and has never really recovered. West Germany is the only nation not doing as well as the U.S. Canada has continued to invest and is now 25.7 percent over the base of 1972; Japan is at 6.9 percent over 1972, and the United Kingdom, which everyone considers one of the least productive nations in the world, is a 1.4 percent. This chart supports my view that the U.S. has major problems in the lack of capital investments in new plants and equipment.

The indicators we have rapidly reviewed—productivity measurements, international trade, R & D spending, capital investment—identify the key problem areas which contribute to the declining rate of productivity in the United States. The industrial engineers in the U.S. have the responsibility to turn this around. They need to improve productivity in the United States, and through the efforts of every engineer in the U.S., they have the capability if they will all apply their energy to this national problem.

In the business world you need to know all you can about your competitor. This same process needs to apply to one nation as compared to other nations. A nation needs to know its competitors' strategy. What are their natural resources? Do they have the necessary raw materials, manpower, plant and equipment? Do they have technical strength to develop new materials and processes or are they followers? And last but not least, what are their national policies toward improving productivity?—supportive—restrictive?

To answer these questions we industrial engineers need to see for ourselves what our competitors are doing. We can't learn unless we travel. Too often U.S. businessmen sit at home believing the U.S. has all the know-how and travel is a waste of money. While they sit at home their competitors in this economic battle travel throughout the world to pick up the latest know-how and technological advances to incorporate in their business.

An example of what you would see if you visited Japan is the sketch of a highly automated unmanned plant shown in Figure 8. It's on the drawing boards and will be completed in the early 1980's. Seeing something like this would have a major impact on your thinking. Especially when you recognize that this plant with its minimum amount of labor, is going to compete with you on the home front. Wouldn't it be a shocker?

One way for U.S. industrial engineers to know what's going on in the world is to work with and support the National Center for

close friends might make with each other or that I or any other Senator might make were we able to play both sides.

Under the existing circumstances, we cannot expect an "ideal" agreement that perfectly meets all of our concerns, or, as some would have it, an agreement which allows us freedom to do everything we might conceivably want to do in strategic armaments, while cutting off every program on the Soviet side which might cause the slightest concern.

What we can hope for is a compromise agreement which meets to a great extent the gravest concerns of the two sides, lessens the perceived threat the two sides pose to each other, and reinforces deterrence—so that we can proceed in a less worrisome fashion to achieve a SALT III which will carry this essentially stabilizing process farther.

In "Little Gidding," T. S. Eliot wrote,  
We cannot revive old fashions  
We cannot restore old policies  
Or follow an antique drum.

The thought is most relevant to SALT. The time is long gone during which the Soviet Union lacked nuclear sophistication and that circumstance is not restorable. The simpler equations possible before the two sides had multiple warheads is lost to us. The threat to our land-based forces and our threat to their land-based forces will grow, and SALT cannot erase those threats. The comprehensive SALT proposal made in March was a great opening position, but it could not have been the basis for a final agreement; but we knew that at the time.

The history of the strategic arms buildup on both sides indicates that we would do well to seize this moment to work out a solid, mutually acceptable pact. If we do not make such an agreement soon, the drive for technological advances by the two sides will lead to further changes in the forces. We know how hard it is to achieve quantitative controls. I hope we realize that qualitative improvements are harder by far to stop or control, and to verify. In essence, we face an opportunity now which, once lost, may never be regained.

The concerns the Soviet force poses now would be increased should we abandon SALT. Without SALT and with nothing to constrain them, the Soviets undoubtedly could—and probably would—continue force modernization across the board. We, of course, would be doing the same thing. In the case of military programs in which we lead, we would take further steps to maintain our lead—technological or otherwise. And other programs would be pushed with the argument we had to catch up.

Nobody could possibly want such a situation. We need SALT, and the Soviet Union needs SALT. Considering the alternatives, there is little choice.

The President should be commended and supported for his approach to SALT. He is seeking an agreement in a calm, considered way. With the realization that both sides need a good SALT, he is trying to achieve an agreement which does not jeopardize our national security one

iota—but rather enhances our national security. An arms race—the only alternative to a SALT agreement would immeasurably decrease the sense of real security for all Americans.

As we enter the new session, I believe it is critically important that the SALT discussion not be characterized by selective leaks, quarreling, and special pleadings in regard to this or that aspect. We must satisfy our concerns, but we must not get hung up so much on this or that point that we lose our perspective and our ability to judge the whole fabric of SALT.

As a member of the Committee on Foreign Relations, I am going to do everything I can to reinforce the committee's current effort to stay fully informed on SALT, to delve thoroughly and deeply into the numerous questions surrounding SALT, and share with the executive branch reactions to various aspects of the SALT effort, and to prepare to make an informed judgment when a new SALT treaty is before the Foreign Relations Committee and the Senate. The issue of SALT is one of paramount national importance and it deserves our best effort.

The country needs for there to be a great debate in the Senate, so that when our decision is made, the American public will understand not only what the decision is, but the reasoning and judgment upon which the decision is based.

#### FRANK CARLUCCI

Mr. HEINZ. Mr. President, by a vote of 10 to 0, the Senate Select Committee on Intelligence has now favorably reported the nomination of Mr. Frank Carlucci to be Deputy Director of Central Intelligence. In this position, it is expected that Mr. Carlucci will assume much of the day-to-day administration of the CIA. It is hard to imagine a better choice for such an important and demanding position. I admire him greatly for his professionalism and the fact that he is one of the finest human beings I have had a chance to get to know.

Last Friday, when Frank Carlucci appeared before the Intelligence Committee, I was en route to Panama and, to my great regret, was unable to accompany him personally. He has my emphatic endorsement, however, and I have submitted a statement to this effect for the committee record. For the benefit of my colleagues during further confirmation proceedings on the floor of this Chamber, I ask permission that the statement be reprinted in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

#### STATEMENT OF SUPPORT FOR NOMINATION OF MR. FRANK CARLUCCI

I am honored to support the nomination of Frank Carlucci as Deputy Director of Central Intelligence. I have known Frank for many years and have followed his remarkable career and accomplishments with the greatest admiration. I have often remarked to him that it seems to be his luck to get only the most taxing assignments; but somehow Frank always proves equal to the chal-

lenge, and in the end makes these assignments seem less difficult than they did at first.

In the foreign service, he has been posted always to the trouble spots, from South Africa to the Congo to Zanzibar to Brazil and, during the last three years, to Portugal. Most of these countries were at the time in serious turmoil; and it can be assumed that the State Department valued having officers on the spot who performed well under stress, who could report with precision and advise with insight. Knowing Frank, it is not surprising that he was honored in particular for his service in the Congo with the State Department's highest award for "outstanding courage in the face of real danger."

On the domestic front, Frank's assignments were no less challenging. He came to OEO, OMB, and HEW at difficult times, and in positions of increasing responsibility, managed ably to balance his humanitarian instincts with the need to discipline the budget. Unavoidably, this proved controversial; but given such a difficult situation, I think Frank performed remarkably well.

Frank's most illustrious service, however, has been during his tenure, since early 1975, as our Ambassador to Portugal. It must be said that he started out on the right foot, in view of the fact that we had seen fit to appoint one of those rare ambassadors who actually speaks the tongue of the host country. Moreover, though a well-known Administration official, his appointment was not taken as a typical political one, in light of his obvious career dedication to the foreign service.

Although Portugal today is far from being out of the woods, politically or economically, it is easy to forget that a little over two years ago, it was widely thought to be in the firm grip of chaos and communism. The Administration had all but written Portugal off, assuming that a country which had not been tutored in the ways of democracy since 1926 would, in the disruption that followed the 1974 revolution, yearn again for the tranquility that it was thought only a dictatorship could provide.

Frank Carlucci was too much of a detailman and observer-on-the-scene to accept this assessment. Instead, he approached Portugal on its own terms. Rather than confining himself squeamishly to the embassy compound, and wiring back second-hand reports, Frank has persistently exposed himself to the widest variety of people and opinions. Early on he became acquainted with numerous political and military leaders and realized that while their views were not always in accord with our Administration's, these were still many of them sensible and popular men.

When others had given up on Portugal because their particular horses were not winning the race, Frank Carlucci took a more relaxed and ultimately more effective view. Rather than trying to impose our game plan, and insist on all or nothing, he dealt with realities. And he prevailed. When President Ford, in one of his televised campaign debates, pointed to Portugal as one of the Administration's outstanding foreign policy successes, he was pointing—whether he knew it or not—to Frank Carlucci.

To me, this experience in Portugal exemplifies some of Frank's strongest qualities, ones that would serve him well in his new role: political tolerance, a quick grasp of both essentials and details, easy interpersonal relations, a sharp intellect and an extremely organized and analytic mind that is accustomed to functioning in the most complex situations, an unswerving regard for principles and yet an eye for realities, persistence and optimism, dedication, dynamism, and thoroughly-honed administrative skill. He has had an unusually diversified

CONTINUED

**NOMINATION OF AMBASSADOR FRANK C. CARLUCCI**

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**HEARINGS**  
**BEFORE THE**  
**SELECT COMMITTEE ON INTELLIGENCE**  
**OF THE**  
**UNITED STATES SENATE**  
**NINETY-FIFTH CONGRESS**  
**SECOND SESSION**  
**ON**  
**NOMINATION OF AMBASSADOR FRANK C. CARLUCCI TO**  
**BE DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE**  
**AGENCY**

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**JANUARY 27 AND 30, 1978**

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**NOMINATION OF AMBASSADOR FRANK C. CARLUCCI TO  
BE DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE  
AGENCY**

**FRIDAY, JANUARY 27, 1978**

**U. S. SENATE,  
SELECT COMMITTEE ON INTELLIGENCE,  
Washington, D.C.**

The committee met at 10:15 a.m. in room 6202, Dirksen Senate Office Building, Senators Daniel K. Inouye and Birch Bayh (chairmen of the committee) presiding.

Present: Senators Inouye, Bayh, Hathaway, Huddleston, Garn and Chafee.

Also present: William G. Miller, staff director; Earl Eisenhower, minority counsel and Audrey Hatry, clerk of the committee.

Senator INOUE. Several months ago, after much thought and consideration, I decided that because of the nature of the committee's work, the secret nature, and because of the special relationship held by the chairman of this committee and the top officials of the intelligence community, I felt that the chairmanship should be rotated and, accordingly, submitted my resignation 2 months ago to the leadership of the Senate. Yesterday, by unanimous action of the Conference of the Democratic Senators, the resignation was accepted and by nomination and by election and by unanimous vote my successor, Birch Bayh, was designated as chairman of this committee.

Before leaving this chairmanship I would like to thank all of the members of this committee for their cooperation and help throughout the term of my office and thank the staff especially for its high level of assistance, advice and help throughout the year and a half that I had the privilege of serving.

I am convinced that this chairmanship must be rotated if this committee is to maintain integrity and objectivity in dealing with matters relating to the intelligence community.

Ladies and gentlemen, it is my privilege now to pass on the symbol of this office to my successor, the distinguished Senator from Indiana, Senator Birch Bayh.

Senator BAYH. Thank you very much, Mr. Chairman. I somehow sense that this seat is significantly warmer than the one I just left.

I would just have one response to your very thoughtful opening comments, and that is I would hope the second chairman of the Senate Intelligence Committee can perform with just a small percentage of the degree of exceptional ability that the first chairman did, who set a tremendous record, which we will try to emulate, knowing it is a difficult goal.

(1)

I should say to my colleagues here I would feel more comfortable, if there are no objections at the time when we have a quorum of the committee, I would like to submit the selection to the committee for its concurrence in the action of the preceding body. I have always felt that should be the way we should do it. I don't suppose there will be any objection. When we have a quorum we can have a brief executive session to do it that way.

The committee meets this morning to hear the nomination of Ambassador Frank C. Carlucci, to be Deputy Director of Central Intelligence.

I think most of us recognize that these hearings come at a very crucial time. On Tuesday of this week, many of us gathered at the White House and watched the President sign Executive Order No. 12036. This Executive order is intended to serve as an interim measure governing the intelligence activities of the United States. This was the first time, at least in modern history, and probably in the history of the country, that the President of the United States participated in an effort like this in an Executive order which involved the kind of close cooperation and indeed direct participation by members of the legislative branch, and we are encouraged and we want to compliment the President for the way in which this was handled.

As I pointed out down there, earlier last year in a ceremony in the Rose Garden, again for the first time in history, we had a President of the United States willing to waive the implied or inherent authority that had been claimed by all previous Presidents to use electronic surveillance in the collection of intelligence under the guise of his responsibilities to conduct the foreign policy of this country.

So I think we have a President now who recognizes the importance of the mission that this committee is undertaking and the Executive order is just the first step and the President recognized that himself.

At the end of next week the Select Committee on Intelligence will introduce a comprehensive legislative charter governing all the intelligence activities of the United States. We are indebted to our colleague from Kentucky for the work that he has put into this, and our colleague from Maine, for the first time in history again conducted a comprehensive set of budget hearings and, of course, this burden is placed on him, and that will be in the works here in the next several days.

It seems to me that the committee has a very great duty to assure that the intelligence community performs at the most effective possible level and that it also does so within the Constitution.

What we are all trying to accomplish is to see that we have the best intelligence gathering mechanism in the world. I think frankly we have. They are good. They are capable. When they do the job that is assigned to them I think they do it better than anybody else can do it. But we must see as they perform this important responsibility, necessary to protect the country as a whole, within the constitutional bounds that protect the individual rights of each American citizen.

Now, the Central Intelligence Agency, of course, plays an indispensable role in the whole intelligence area, and the Deputy Director of CIA is a key position in our national security scheme, particularly at this time in history. The person appointed to this position must



have the ability to provide the kind of leadership that will lead to a more effective intelligence system, but he must be a person who is fully aware that the American intelligence service must operate within the Constitution and the law.

The position of Deputy Director of Central Intelligence requires demonstrated management skills of a high order because of the highly complex organizations which make up the intelligence community. Effective intelligence requires, above all, the courageous independence of mind and scrupulous scholarship. It also requires the ability to bring together the diverse disciplines and points of view that make up the intelligence community so that they work together.

We have a nominee that has been proposed by the President, Mr. Carlucci, and we are here this morning to examine his credentials for this very important job. The committee and staff over the past months have examined every aspect of Mr. Carlucci's career; records of his performance and background have been made freely available to the committee; and dozens of Mr. Carlucci's friends and professional associates have been interviewed in order to give the committee a fuller understanding of Mr. Carlucci's quality and character.

The mission before us is to examine fully in public hearing the background of the nominee. I think it is critical and we are glad to have him with us this morning.

I suppose I should say before yielding to him that, of course, the Chair recognizes the rights of any member here to make a statement beforehand.

Does anyone desire to make a statement at this time?

[No response.]

Senator INOUE. I just wanted to advise the chairman, Senator Schweiker wants very much to introduce Mr. Carlucci and he should be here any moment now.

Senator GARN. I did not intend, Mr. Chairman, to make an opening statement but if you are fighting for time I will go ahead.

The CHAIRMAN. I appreciate the fact that you would make such a significant and unusual sacrifice.

Senator GARN. I can't stay a long time.

I did meet with and talk to Mr. Carlucci yesterday in my office for a fair amount of time. I have had an opportunity to go into his background rather deeply, to look at his career in public service. After having met him yesterday for the first time I would simply say that I think the President has made a very fine choice.

Unless some thunderbolt comes out of the blue in these hearings it would certainly be my intent to vote for his confirmation and I congratulate the President for making an excellent choice.

Senator HATHAWAY. Mr. Chairman, since we are waiting for Senator Schweiker to come over, I'd like to make a point now that I was going to make when it came my turn to question. I would like the record to show that the committee has received just within the last hours the final report of investigation that was conducted by the FBI into Mr. Carlucci's background, and I haven't had a chance to read it yet.

I am a little bit surprised the final report arrived just this morning, as I understand the Bureau took the position as of yesterday afternoon that they would not have the investigation completed by this

morning, and I am interested in knowing how they were able to wrap it up so quickly.

At any rate, when I learned yesterday afternoon that the FBI investigation had not been finished, I took the position that we should postpone the hearings until everything was in. I understand the White House was so informed, and whether or not that had anything to do with the FBI being able to suddenly conclude they really could finish by this morning or not I don't know. But I do think we have an obligation to study the FBI report very carefully to make sure their investigation was adequate, and that it was not just wrapped up quickly so our hearings would not be postponed.

I thought it important that the events of the last day or so should be made a part of this record, and I would hope, Mr. Chairman, that you would give the members of the committee an opportunity to ask further questions on Monday at a public hearing if anything we should ask about comes out of this FBI report, which I haven't had a chance to read, and which I understand most of the members of the committee have not yet had a chance to read.

We are going to meet on Monday again for executive session. I would hope we could pursue further questions in a public session after that, if it were necessary. I am not saying it is necessary. I am not in any way saying there is something adverse in the FBI report, but I want to have an opportunity to study it carefully before concluding these hearings.

The CHAIRMAN. When I was advised of the possibility the Bureau report would not be here, I also was concerned and suggested that the report be expedited as rapidly as possible as long as the quality was not compromised, but thought we could go ahead and dispose of these hearings with the complete understanding that any member of the committee has a right to look at these facts and figures and interpose objections to questions after the report is available. So I think this is a reasonable suggestion.

We are all very busy and we can interrupt Mr. Carlucci, if he doesn't mind, when Senator Schweiker gets here. I understand his colleague, Senator Heinz has a statement he would like to submit for the record and I would suggest if there is no objection we submit it after Senator Schweiker when Senator Schweiker gets here.

Ambassador Carlucci, why don't we hear from you please.

Ambassador CARLUCCI. Thank you.

The CHAIRMAN. Would you be so kind as to take the oath?

Do you swear that you will tell the truth in response to any questions or any statements that you might make before this committee?

Ambassador CARLUCCI. I do.

**TESTIMONY OF AMBASSADOR FRANK C. CARLUCCI, NOMINEE  
FOR DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE**

Ambassador CARLUCCI. Mr. Chairman, members of the committee, I am pleased to appear before this committee to discuss my qualifications for the position of Deputy Director of Central Intelligence. I also appreciate the opportunity, Mr. Chairman, for this early hearing, as well as the courtesy and professionalism with which this committee and its staff have conducted the investigation that preceded this hearing.

Also, I would like to in advance thank Senator Schweiker for being willing to appear today and thank Senator Heinz for the statement that he is submitting for the record.

The committee has my biography,<sup>1</sup> so I will not review my career except to say that I am fortunate in having had diversified Government experience, including service in domestic as well as foreign affairs agencies. The positions I have held during the last 8 years have afforded me the opportunity to work closely with the Congress, including several members of this committee, on a wide range of issues. I have learned how important a cooperative relationship between the Executive and the Congress is to the effective functioning of our Government. I, therefore, pledge myself—if confirmed—to work closely with this committee, its counterpart in the House, and with the respective subcommittees of the Appropriations Committees which have budgetary oversight of intelligence agencies.

As I reflect on the responsibilities of the position for which I have been nominated, I am impressed with the importance of the issues the intelligence community and this committee face. Many of them are basic to the survival of our democratic institutions. On the one hand, we must continue to improve our intelligence effectiveness. In part this means protecting information from public disclosure lest such disclosure undermine this effectiveness. On the other hand, we all recognize the need for accountability of our intelligence agencies and for safeguarding the basic freedoms of our citizens. This may mean making more information available about our intelligence organization. The challenges posed by these often conflicting needs are obvious and very familiar to this committee.

As far as I know, no other modern society has attempted such a fundamental, difficult and complex task. Yet, I am confident that these problems can be resolved. I am confident that we can succeed in striking that balance which will enable a necessarily secret agency to accomplish its mission and still remain true to the principles of an open and free society—a society in which the rights of the individual are paramount.

On January 24, President Carter signed a new Executive order, as you pointed out, Mr. Chairman. It strengthens coordination within the intelligence community. It establishes procedures within the Executive to enhance cooperation with the Congress. It erects safeguards against abuses such as those that have recently come to light and that have troubled us all. At the invitation of the President, this committee actively participated in the drafting of that Executive order. If confirmed, I will cooperate with this committee as it exercises its oversight responsibilities to insure compliance with the Executive order.

Contrary to allegations in the Lisbon Communist press, I have never been on the CIA payroll; but as a Foreign Service officer I have had a working relationship with the Agency and have been a user of the intelligence product. I have also been involved in intelligence budgets, and I am familiar with both the problems and the benefits of inter-agency coordination. Thus, I approach the position for which I have been nominated with a certain set of perceptions, assumptions, or perhaps even biases depending on your point of view. I think it appropriate to present them to the committee.

<sup>1</sup> See page 57.

First, I am absolutely convinced that good decisionmaking requires good intelligence. I have seen good intelligence reports turn a potentially unsuccessful policy into a successful one. I have also seen the undesirable effects of poor intelligence. We must continue to set high standards for ourselves to insure the careful collection, precise reporting, critical analysis, and concise and clear presentation that are the ingredients of success of any intelligence organization.

Second, I know from my experience as a reporting officer how painstaking a process it is to develop an overt relationship of confidence with foreigners who are constantly subject to a propaganda barrage which distorts our motives and which questions our strength of purpose. To develop a relationship which enables our Government to obtain information in sensitive areas is an even more painstaking, delicate and sometimes risky process. We need to recognize, more than we do, that human intelligence collection is a slow step-by-step process which often takes years of seed work to develop a fruitful source. It is a highly professional skill.

Third, in my experience with domestic programs, I have seen how the rights of citizens can be ignored or even abused by insensitive Government machinery—even in so-called open agencies. I was a strong advocate of the controversial OEO legal services program for that reason. I have also seen in foreign governments how excessive secrecy and/or lack of an adequate machinery for accountability can turn a foreign intelligence agency from a national asset into an instrument of oppression. We must constantly strive to avoid this danger in our own country.

Fourth, I have become a strong advocate of interagency coordination. In the domestic area I was keenly interested in the Federal Regional Council system. In the foreign policy area, I have seen the constant temptation to compartmentalize our information-gathering process. Duplication, false confirmation and faulty decisionmaking are the inevitable results of this tendency. In several of my assignments overseas, I established or implemented procedures for coordination between the collectors of intelligence and embassy reporting staffs. I believe this enhanced the value of the product to Washington users. The coordinating role given the Director of Central Intelligence by the new Executive order is a positive step in resolving this problem.

Fifth, and perhaps most important, I have had the privilege of working with intelligence professionals from the lowest to the highest level. While I did not normally know their sources and methods, nor, did I need to, I was able to benefit greatly from their information and to appreciate the motivation, objectivity, self-sacrifice and physical and moral courage with which they approached their sensitive and, at times, dangerous jobs. Human nature being what it is, we all seek recognition. Most of us can receive it openly. Not so the intelligence professional. His or her reward must come from the quality of his product and its value to the user. He or she must draw satisfaction from the fact that they are serving their country in ways that sometimes even their family cannot know. This, I submit, is the essence of patriotism.

I confess to a strong reaction when the Lisbon press produced a so-called exposé by a former CIA employee, pinpointing addresses of alleged CIA officers in Lisbon, even to the point of telling people which



way to turn to reach a particular apartment when they get off the elevator. I watched understandably worried officers uproot their families and move from house to house, finally leaving the country before the end of their normal tour. If confirmed, I would appreciate an opportunity to have a dialogue with this committee on ways to deal with this cold-blooded irresponsibility while still protecting the basic rights of American citizens.

The role of Deputy Director of Central Intelligence has varied both in scope and authority throughout the history of the CIA. While one can never be precise about one's anticipated responsibilities, I believe it important that I try to describe to the committee as best I can how Admiral Turner and I intend to operate. I might note that Admiral Turner and I have discussed this subject in depth, and that I accompanied Admiral Turner when he described my responsibilities to the President.

Simply stated, we intend to adhere closely to the National Security Act of 1947 which established a single Deputy Director of Central Intelligence "who shall act for and exercise the powers of the Director during his absence or disability." Both Admiral Turner and I agree that the single-deputy concept is the most effective. This means that when Admiral Turner is away, I will assume his community-wide responsibilities as well as his CIA responsibilities.

As a practical matter, Admiral Turner and I have discussed how we will divide our time. I will assume the day-to-day operating responsibilities of the Agency. I will, of course, discuss all major policy questions with Admiral Turner, but he and I anticipate that I will be able to take much of the Agency decisionmaking and, to a lesser extent, representational responsibilities off his hands, thereby freeing him to devote more of his attention to his community-wide responsibilities.

This does not mean that Admiral Turner will not continue to interest and involve himself in CIA. On the contrary, we anticipate that this will enable him to delve more deeply into basic policy questions and to have more substantive contact at all levels. For example, we have already discussed a program that will enable Admiral Turner to make regular visits to the Agency's overseas establishments. Nor does it mean that I will not concern myself with community questions. With the new Executive order, it is essential that I remain abreast of what is happening to the community in order to fulfill my responsibilities as the day-to-day manager of the CIA and to substitute for the Director of Central Intelligence in his community responsibilities in his absence. But it does mean that we will have different areas of emphasis, at least initially. I believe that this arrangement should present no problems to the NSC, the community, the CIA, or the Congress. On the contrary, it should enable us to be more responsive to all four.

During my visits with several members of the committee, questions have been raised about the personnel reductions that have been directed by Admiral Turner. I am sure the committee will understand that I cannot make a judgment on such a difficult and sensitive issue until I am actually on the job. When I do, I will present my views to Admiral Turner. I can, however, make a generalization or two.

My past experience indicates that all agencies tend to continue with staff long after program requirements have altered, and that

constant pressure from the top is necessary to make sure that all employees are being suitably challenged. Top level attention is also needed to insure that each employee has a career development program and that suitable opportunities are available for him when he reaches the most productive years of his career. I recall the so-called "grade creep" exercise of several years ago which documented rather conclusively that all departments and agencies have a tendency to bunch up at the top and to take the shape of a pear rather than a pyramid. In the foreign affairs area, this phenomenon tends to be more prevalent in headquarters than in the field offices.

At the same time, I have learned the importance of communicating fully and personally to employees the reasons for managerial, organizational or personnel alterations. They must understand how the changes will enable them better to perform their mission. Admiral Turner fully shares this view and has devoted a substantial amount of time to doing this. Should this committee confirm me, both of us intend to devote even more of our time to this effort.

Let me close, Mr. Chairman, by underscoring that I feel a keen sense of mission in approaching the responsibilities I will assume should the Senate confirm me. I am pleased at the prospect of working with Admiral Turner, whom I respect and admire. I am also pleased at the prospect of working with this committee. I am confident we can meet the challenges as we move ahead together to strengthen our nation's intelligence capacity.

Thank you, Mr. Chairman and members of the committee for your attention.

I am now prepared to respond to questions.

The CHAIRMAN. Thank you, Mr. Carlucci.

I will ask our clerk to keep an eye on the clock, we will operate under the 15-minute time rule established by our previous chairman as far as time constraints so that everyone will have a chance to ask questions of the witness.

I notice there is a vote. I have some questions to ask. I don't think they will take more than 15 minutes. If you would like to go or stay it is up to each individual. That way we can keep the hearing moving.

Ambassador Carlucci, let me ask you to look at what I feel is the most critical, long-range responsibility of this committee, and that is the responsibility of oversight. We have immediate responsibility in the area of charters to put into the law of the land the guidelines, rules and regulations governing all intelligence organizations as well as to enact, hopefully shortly, the electronic surveillance bill. But in the long run, if this committee should be successful, it must provide a meaningful oversight function, and that will require cooperation between you and your organization and this committee.

Senate Resolution 400 expresses the sense of the Senate that the head of any department or agency of the U.S. Government involved in any intelligence activity should furnish any information or document in their possession, custody or control, whenever requested by this committee, with respect to any matter within the committee's jurisdiction.

I would like to ask you, sir, in your position as Deputy DCI, will you pledge to honor the requests of the committee in regard to any information requested within the jurisdiction of this committee?

Ambassador CARLUCCI. First of all, let me say I agree thoroughly with you. The oversight responsibility is a very fundamental responsibility and I welcome it. I think it is the only way that we can restore the confidence and credibility of our country in our intelligence institutions. There is no doubt in my mind that that confidence has been weakened, so I would intend to cooperate fully with the committee as it exercises these very important oversight responsibilities.

I would certainly intend to abide by the sense of Senate Resolution 400. Executive Order 12036, to which you referred, has a specific provision on that, section 3(401) of section 3-4 and I would certainly be bound by the Executive order, which has the force of law.

The CHAIRMAN. I appreciate that. But let me ask a different question involving a different feature of oversight. The question I just asked involved requests made for information. If we are to have the kind of respect and confidence in one another that I think we will have and must have for the best interests of the country, I think there has to be a willingness to assume, an affirmative obligation to volunteer information to this committee.

Senate Resolution 400 deals with this relative to the obligation to get information as far as any law violations or Executive order violations. I would like to ask you in this same frame of reference whether in your new post, you would feel you have an obligation, an affirmative obligation, to come forth with information where there have been law violations, and also any action that the agency or agencies have taken in your pursuit of these law violations?

Ambassador CARLUCCI. Yes; I would. I think we have a positive obligation to do that.

The CHAIRMAN. May we ask you to also respond to that question in the area of advice to this committee regarding any kind of sensitive covert activity that might be in the process of being considered, either covert activity or collection activity that could prove embarrassing to the country?

Ambassador CARLUCCI. Yes; sir. Of course if you are referring to covert action that would be covered under the Hughes-Ryan amendment and I would certainly intend to abide by that.

In the case of sensitive covert collection activity, I think the subject is a little more complicated because it obviously requires a judgment call on what is sensitive and what isn't sensitive and a nonsensitive source 1 day could very well turn out to be a sensitive source the next day. But I think our obligation under the Executive order to keep the Senate committee fully and currently informed within the normal prerogatives of the executive branch obliges us as a matter of principle to inform the committee when we think there is a sensitive collection operation that does entail some danger.

But as I say, this is a complicated matter where there will have to be judgment calls and not all of those judgment calls may be made in Washington, they may have to be made by somebody on the spot in an urgent situation.

So I think this is a procedure we would have to work out on a collaborative basis. I would certainly be open to attempting to work something out with the committee on a collaborative basis.

The CHAIRMAN. I think this is critical and I would commend Admiral Turner for the degree of cooperation that I sense has existed with the committee during Senator Inouye's chairmanship. He can speak better to that. But if we are going to have meaningful oversight it has to be based on confidence, and confidence can be insured or certainly increased if both sides have the affirmative responsibility to come forth with information and not have to be dragged kicking, and screaming pursuant to authority, which I think is very clearly contained in both the Senate resolution and the Executive order. That is why I asked the question.

Ambassador CARLUCCI. I agree with you on what you have just said.

The CHAIRMAN. I know that our distinguished colleague from Pennsylvania is here. We felt that you would forgive us if we went ahead and started the hearing since everybody has a lot of things to do today. We will yield to you.

**STATEMENT OF HON. RICHARD S. SCHWEIKER, U.S. SENATOR  
FROM THE STATE OF PENNSYLVANIA**

Senator SCHWEIKER. Thank you. I apologize for my delay. I had an 11 o'clock speech with the Steel Workers from Pennsylvania. I apologize for my conflict. I will be very brief.

I have known Mr. Carlucci for a long time and I have known him as a Foreign Service officer, as OEO head and at OMB but I particularly got to know him on an intimate basis when he headed the flood efforts in Pennsylvania, and I just want to say a word about that.

There was tremendous chaos in my State when the Wilkes-Barre flood hit. The Federal Government was not organized in any way to handle something like this. He came in, when we didn't have a proper bureaucratic structure, when we didn't have the needed laws, when nobody knew what they were doing. He brought order out of chaos, and I literally mean that. I am sure when the flood hit in Johnstown last year the procedures we used there were really a direct result of Frank's bringing it together in Wilkes-Barre in 1972.

So if there is anybody that can bring order out of chaos—I am not saying that is required here—if there is anybody that can bring order out of chaos he is the one. He did an excellent job in my State for 6 weeks. It was a terribly horrendous situation and Frank went up there and changed it overnight. I don't want to say that too loudly, but I think it is one real compliment I can personally vouch for and I know my junior colleague feels the same way.

I think Senator Heinz wants to put a statement in the record but he made sure I also told you his strong affirmation of Mr. Carlucci's ability for this post and I certainly share that opinion from experience. I thank you for your indulgence.

[The statement of Senator John H. Heinz follows:]

**STATEMENT BY SENATOR JOHN HEINZ**

I am honored to support the nomination of Frank Carlucci as Deputy Director of Central Intelligence. I have known Frank for many years and have followed his remarkable career and accomplishments with the greatest admiration. I have often remarked to him that it seems to be his luck to get only the most taxing assignments; but somehow Frank always proves equal to the challenge, and in the end makes these assignments seem less difficult than they did at first.



In the foreign service, he has been posted always to the troublespots, from South Africa to the Congo to Zanzibar to Brazil and, during the last three years, to Portugal. Most of these countries were at the time in serious turmoil; and it can be assumed that the State Department valued having officers on the spot who performed well under stress, who could report with precision and advise with insight. Knowing Frank, it is not surprising that he was honored in particular for his service in the Congo with the State Department's highest award for "outstanding courage in the face of real danger".

On the domestic front, Frank's assignments were no less challenging. He came to OEO, OMB, and HEW at difficult times, and in positions of increasing responsibility, managed ably to balance his humanitarian instincts with the need to discipline the budget. Unavoidably, this proved controversial; but given such a difficult situation, I think Frank performed remarkably well.

Frank's most illustrious service, however, has been during his tenure, since early 1975, as our Ambassador to Portugal. It must be said that he started out on the right foot, in view of the fact that we had seen fit to appoint one of those rare ambassadors who actually speaks the tongue of the host country. Moreover, though a well-known Administration official, his appointment was not taken as a typical political one, in light of his obvious career dedication to the foreign service.

Although Portugal today is far from being out of the woods, politically or economically, it is easy to forget that little over two years ago, it was widely thought to be in the firm grip of chaos and communism. The Administration had all but written Portugal off, assuming that a country which had not been tutored in the ways of democracy since 1926 would, in the disruption that followed the 1974 revolution, yearn again for the tranquility that it was thought only a dictatorship could provide.

Frank Carlucci was too much of a detail-man and observer-on-the-scene to accept this assessment. Instead, he approached Portugal on its own terms. Rather than confining himself squeamishly to the embassy compound, and wiring back second-hand reports, Frank has persistently exposed himself to the widest variety of people and opinions. Early on he became acquainted with numerous political and military leaders and realized that while their views were not always in accord with our Administration's, these were still many of them sensible and popular men.

When others had given up on Portugal because their particular horses were not winning the race, Frank Carlucci took a more relaxed and ultimately more effective view. Rather than trying to impose our game plan, and insist on all or nothing, he dealt with realities. And he prevailed. When President Ford, in one of his televised campaign debates, pointed to Portugal as one of the Administration's outstanding foreign policy successes, he was pointing—whether he knew it or not—to Frank Carlucci.

To me, this experience in Portugal exemplifies some of Frank's strongest qualities, ones that would serve him well in his new role: political tolerance, a quick grasp of both essentials and details, easy interpersonal relations, a sharp intellect and an extremely organized and analytic mind that is accustomed to functioning in the most complex situations, an unswerving regard for principles and yet an eye for realities, persistence and optimism, dedication, dynamism, and thoroughly-honed administrative skill. He has had an unusually diversified background in government and national security affairs and has run the obstacle course of bureaucracy with great ease—not least due to the fact, no doubt, that he is an accomplished jogger—something which, in my own experience, I can testify is a talent not to be scoffed at.

The intelligence business has been badly buffeted in recent years, and Frank will do much to put it on even keel. He is a veteran professional, and yet he represents fresh blood and ideas. He is a co-operative and perceptive individual who will work well with Congress, and who will do this committee great credit if it chooses to confirm him. I commend him most highly.

The CHAIRMAN. Would you yield for a question? Have you voted?  
Senator SCHWEIKER. No. I had better go vote.

The CHAIRMAN. I will suspend and join you on the elevator.  
Ambassador Carlucci, we will be right back.

[A brief recess was taken.]

The CHAIRMAN. The order allows CIA electronic surveillance, physical searches, mail openings, directed at American citizens abroad without a court order. All that is required, as I read the order, is the Attorney General's approval based on probable cause that the American is an agent of a foreign power, and that term is not defined.

Could you help us by supporting legislation, when we bring the charters, requiring a court order instead of the Attorney General's approval and requiring careful definition of the term agent of a foreign power, or do you have other suggestions as to how we can provide this protection to American citizens that happened to be abroad at the time?

Ambassador CARLUCCI. Senator, I would plead a certain amount of ignorance in what is obviously a very thorny thicket here. I certainly have no problem with the legislation that would require a court order here in the United States.

I think the question of Americans abroad is a good deal more complicated, simply because it generally entails a liaison with a foreign intelligence agency. However, I would think that there ought to be ways that we could work out the problem to insure that to the maximum extent possible Americans abroad enjoy the same constitutional guarantees that Americans in this country do. If that entails working out a better definition of what is probable cause for believing that the U.S. person is an agent of a foreign power, I believe that is something that we could certainly work with the committee on.

What I would be hesitant about in all candor is a blanket warrant requirement for all Americans overseas without some exception procedure or without taking into account the repercussions such legislation might have on our liaison relationships with friendly intelligence services.

The CHAIRMAN. One of the problems is foreign intelligence services. I understand you are in the saddle on this issue, but I wish you would give it careful consideration and work with us on this, because we are talking about the right of an American citizen to be protected wherever she or he might be, and I think I could agree there would be certain categories where people should be included. It is the grey area and that is why I think there should be a definition of agent of a foreign power. If you go into physical surveillance, where that is permitted abroad, I think the standard there is that the individual must be reasonably believed to be acting on behalf of a foreign power.

Now, the concern that I have, if you know somebody is a Russian agent, or on the payroll of an intelligence service, you have one question, but if you have an American citizen who believes very strongly in certain foreign policy that our country should pursue as it effects his native homeland, you have another question. Let us take the Greek-Turkish situation, where you could have an American citizen feeling strongly what is good for his homeland which he thinks is also good for America, in pursuit of his own right as an American citizen to participate in the political process. He calls on the Ambassador or staff member in the Embassy here in Washington, or indeed communicates with them while he is back in the homeland, and then he comes back and starts doing some things that he has been advised would be helpful. I suppose you could make a case that this person is reasonably

believed to be acting on behalf of a foreign power, but he is also exercising his rights as an American citizen.

I don't really think that is what we want but I am concerned about the broad definition.

Ambassador CARLUCCI. Well, that is, of course, a judgment matter to a certain extent, as all of these things have to be, and I would certainly agree with you we don't have first-class and second-class American citizens and that we ought to try and extend all constitutional rights to those people overseas.

In the case you describe, it would seem to me that the person was exercising his legitimate rights and we would not have reason to believe that he is acting on behalf of a foreign power.

I don't think that we have any business conducting either a physical or an electronic surveillance of someone simply because of his political beliefs. To the contrary, that is proscribed in the Executive order. But the question of where you go over that fine line between being a very active partisan of a certain political philosophy or act as an agent of a foreign power is a very difficult one to define. It requires a good deal of judgment.

I would be prepared, as I said earlier, to work with the committee to try and sharpen that definition, but I am not prepared at this point to come up with my own definition.

The CHAIRMAN. This is typical of the kind of problems we are going to have, and it is not made any easier by the fact that just working for another foreign government, indeed being a citizen of another government, being an official of another government does not cause one to lose his or her American citizenship. We realize, some of us who have studied this question, that makes it very complex where you have an American citizen who has a dual citizenship, who is performing a rather significant function for a foreign government. That is one question.

But where you have a citizen that is participating in the political process, a citizen trying to get his Congressman and Senator to do things he feels are important, then I think we need to look at this definition and make sure we are not catching that person in the same net used to catch acts that most of us have agreed upon.

Ambassador CARLUCCI. I would agree with that, Senator.

The CHAIRMAN. The order, as you know, orders CIA, or allows CIA employees to participate in domestic organizations without disclosing their agency affiliation. If the CIA official finds it essential, I think the wording is for lawful purposes relating to foreign intelligence. The Attorney General may review such covert operations but, nevertheless, this provision still permits CIA to use such undercover methods in collecting information by members of domestic groups, including academic institutions and political organizations.

Do you have any thought about how those standards could be tightened?

Here again I realize you haven't had a chance to study all of these so in this instance I think the committee would understand if you don't have definitive ideas, but I would like to have your general thinking. If you do have definitive ideas we would like to have those as well.

Ambassador CARLUCCI. My impression, reading the Executive order Mr. Chairman—the committee has had more experience than I have

had with it—is that it doesn't give that kind of blanket charter to the agency. In any event I think as a matter of appropriateness, any kind of surveillance activity in the United States is the responsibility under the Executive order of the FBI. We have, of course, responsibility overseas, and collaborate with the FBI in providing appropriate information. As far as clandestine arrangements in individual organizations the only ones that I can think of that we would be interested in, and I would like to leave myself open for correction on the record on this point, would be those that would provide cover for our people here in the United States prior to moving overseas where they would enjoy the same cover, and I think it would be damaging to our intelligence capability if we were to deprive ourselves of that cover possibility.

The CHAIRMAN. We can discuss this. This is a very sensitive area and I suppose further discussion of the details should await the closed session, but I think again if we are talking about dealing with some of the abuse, some of the damage that has been done from the public perception, this is one area as far as the private organizations, academic institutions, where we need give particular attention.

Let me ask one related question, then yield to my distinguished colleague from Maine.

What about the way in which the CIA handles the use of the press?

Ambassador CARLUCCI. Well, let me—

The CHAIRMAN. Let me premise that. As I understand it, from an operational sense, a CIA directive prohibits the utilization of members of the press, American press, to participate. You cannot use members of the press in a paid contractual relationship. They are permitted to have a voluntary association. Equally, or maybe not equally, a matter of some concern is foreign press and how we eliminate, or if not eliminate, alleviate the problem of people who are used for intelligence purposes in the foreign press community having an impact on domestic policymaking when those foreign articles reach our country for domestic consumption?

Ambassador CARLUCCI. Well, let me say, first of all, I agree with the agency directive which has been out for some time which does prohibit any intelligence relationship with journalists accredited to U.S. newspapers. That goes further than just Americans, it includes stringers accredited to U.S. media organizations.

I think the question of feedback can only be answered by expressing confidence in the capability of U.S. reporters in general to check the accuracy of their sources.

Moreover, it is my impression—I speak without experience in this area—but it is my impression that the vast bulk of information that would be put out by the agency in this area in a covert way would fall in the category of setting the facts straight.

I think we have to bear in mind that much of the world's press is not free. It is very difficult for our information agency, our open information agency systems to get information placed, for understandable political reasons, in certain countries. In many cases the only way to get a factual account or a factual statement of our position across to foreigners is to do it through covert means.

Second, any blanket prohibition on the foreign press would, of course, prohibit us from establishing contacts with the press of hostile



powers. Of course it is our responsibility to gather information on hostile powers.

So I would be very strongly opposed, Mr. Chairman, to a blanket prohibition on the foreign press.

If there is any way this committee could work with the U.S. press in strengthening their ability to evaluate their information, fine, but my experience has been that most U.S. journalists are pretty sharp people and evaluate the information that they send back and that the risk you speak of is not a very substantial one.

The CHAIRMAN. Senator Hathaway.

Senator HATHAWAY. Thank you very much, Mr. Chairman.

Mr. Ambassador, you have had a very long and distinguished career in Government service, and the assignments and roles you have filled over the years have provided you with experiences which uniquely qualify you for service in the position for which you have been nominated. That is particularly true with respect to your career in the Foreign Service and as Ambassador to Portugal.

You have had first-hand exposure to some of our intelligence operations and have extensive familiarity with the intelligence product, seeing both its strength and weaknesses.

In addition, your services with other Departments—OEO, HEW, Office of Management and Budget—must have offered you some extremely useful insights to the work of the bureaucracy, as you have managed large Government programs and huge numbers of Government personnel. But on the other side of the ledger, of course, I would imagine that on occasions such as this you must be wondering whether the length of your Government service has really been of such tremendous benefit as it has given the staff a desire to go on looking for some of your old footprints.

I trust you appreciate that we do have to do a little bit of that in order to fulfill our responsibility, and so with your indulgence I would like to ask you a few questions which might involve your recalling and maybe even reliving a little bit of your past career.

Unfortunately, the memory of the Watergate days is not completely behind us, although from everything we have been able to learn, I gather you were able to survive those days not only with great distinction for yourself but also with a good deal of self-asserted independence as well.

I recall magazine articles at that time which described you as one of the "Whiz Kids" and presidential "agents" who were quietly "moved out of the inner circles of the White House into key positions in the balky Federal bureaucracy that President Nixon [was] determined to tame." I'm quoting now from Time magazine of February 26, 1973.

One newspaper report even described that as an effort "to put some of the 'President's men' into key spots in the major Government departments and in the agencies that can cause trouble when they are not in the White House phrase 'run by team players'." That's a quote from the Washington Post of December 24, 1972.

Now, I am sure that you probably don't agree with all of those descriptions but it is one of the public perceptions which unfortunately we here on the panel have to live with, especially when some of our constituents are not too subtle in asking, "Why is one of Nixon's people being picked by President Carter to run the CIA?" Some of

them are also asking us about the "responsiveness program," which presumably you recall, which was under way in those days of the early 1970's, a program which the Senate Watergate Committee described as "an organized endeavor 'to politicize' the executive branch to insure that the administration remained in power."

I am quoting from the Watergate Committee report.

Now, at that time, Mr. Ambassador, you were a high official in the President's budget office, Associate Director, and then Deputy Director, having come there after you had been at OEO for a period of time.

Could you tell us if you were aware of this program to politicize all of the agencies in an effort to maintain President Nixon in power and whether you had any contact with any of those activities in the offices that you held?

Ambassador CARLUCCI. If I may, just a minute, Senator Hathaway, for the record, I would like to point out that throughout my career I have been a career Foreign Service officer, for the past 22 or 23 years, and as a career Foreign Service officer I have been a Presidential appointee, including Presidential appointee for Presidents Eisenhower, Kennedy, Johnson, and on down, so I do not consider myself attached to any particular administration. I consider myself a career Government servant.

As far as the Time article that you cited is concerned, to the best of my knowledge I was selected for the job of Under Secretary of HEW by Secretary Caspar Weinberger who made a strong recommendation to the President. I had worked for Mr. Weinberger when he was Director of OMB. I had been his deputy then and he asked me to accompany him to HEW.

My own understanding is that there was some resistance in the White House to my moving to HEW but that Mr. Weinberger made a sufficiently strong pitch to the President that my appointment was accepted.

I am not sure just what you mean when you say responsiveness program. I am not certain of the dimensions of the program you are talking about. Of course, in the various agencies where I served there were so-called schedule C positions, executive level positions, and incoming administrations tend to fill those positions with people that they consider their people. We did do a certain amount of that.

I might point out, though, in HEW my recollection is that we had a higher percentage of career people appointed to assistant secretary level jobs or the equivalent than in the history of the agency.

I might also point out that the Civil Service Commission ran a very thorough investigation of our personnel procedures in HEW and concluded that we had with very few minor exceptions followed those procedures quite studiously. In fact, that was the very first directive that Secretary Weinberger and I gave to our people when we went over to HEW, and the Civil Service report will verify that.

I can in all candor remember at one point, I would say 2 or 3 months prior to the President's resignation, receiving a directive from the White House—I think it came through the Press Office, I can't be sure, it was a long time ago—to go out and "defend the President and to tell our Presidential appointees to do the same." I happened to have been Acting Secretary.

I said not only will I not obey that directive, I will not pass it down to the other Presidential appointees in HEW. I will defend policies, if I believe in those policies, but I will not defend individuals.

I do recall attending one meeting back in about, it must have been about 1972, where several agency heads were told of the importance of making grants to organizations that might be helpful. I was in OMB at that time. That, as you know, is not a grantmaking organization. I quite frankly left that meeting with a rather ill feeling in my stomach and said to myself I wanted to have nothing to do with it.

Senator HATHAWAY. Did you make any protest at the meeting?

Ambassador CARLUCCI. I did not make any protest at the meeting, since I did not have any agency responsibilities. In fact I couldn't figure out why I was there.

But I had no contact subsequently with any of those programs.

Senator HATHAWAY. I see.

That was part of what the responsiveness program was, and, Mr. Chairman, I would like to put chapter 3 or parts of chapter 3 from page 361 to 369 in the record, because that is what I was referring to when I mentioned the responsiveness program. It is taken from the Senate Select Committee on Watergate report.

The CHAIRMAN. Without objection.

[The material referred to follows:]

# FINAL REPORT ON THE SELECT COMMITTEE ON PRESIDENTIAL CAMPAIGN ACTIVITIES

## CHAPTER 3.—USE OF THE INCUMBENCY—RESPONSIVENESS PROGRAM

### I. INTRODUCTION AND OVERVIEW

A significant aspect of the Select Committee's investigation was its inquiry into the administration's programs to use the powers of incumbency to reelect the President. Documents obtained by the committee indicate that this effort—which had as its main vehicle a White House-devised plan known as the Responsiveness Program—was an organized endeavor "to politicize" the executive branch to insure that the administration remained in power.

The scope of this effort was broad and its potential impact considerable. It included, for example, plans to redirect Federal moneys to specific administration supporters and to target groups and geographic areas to benefit the campaign. It entailed instructions to shape legal and regulatory action to enhance campaign goals. It comprised plans to utilize Government employment procedures for election benefit.

Not only were such plans laid, they were, in part, consummated, although departmental and agency resistance to campaign pressures limited the success of these endeavors. Particularly in regard to the expenditure of Federal moneys concerning certain minority and constituent groups were there flagrant abuses of proper governmental procedures. Some of these abuses appear to stem from the improper involvement of campaign officials in governmental decisionmaking.

Several Federal civil and criminal laws appear applicable to the conduct described in this chapter. In fact, a question exists whether the planning and implementation of the responsiveness plan rises to the level of a conspiracy to interfere with the lawful functioning of Government, conduct prosecutable under 18 U.S.C. 371 as a conspiracy to defraud the United States, as that term has been interpreted by the Supreme Court.<sup>1</sup>

The evidence presented below is not exhaustive. While the staff has interviewed over 150 witnesses and reviewed thousands of documents respecting these matters, it has not been able, because of time and staffing limitations, comprehensively to cover all possible areas of investigation. This is particularly the case since the Responsiveness Program was intended to pervade the entire executive branch—including regional offices.

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<sup>1</sup> See section VIII below.

Attached to the June 23, 1971, memorandum is a document listing the "Basic Types of Patronage" that could be employed for campaign purposes. This document is quoted in full text:

*The basic types of patronage*

1. *Jobs* (full-time, part-time, retainers, consultantships, etc.)
2. *Revenue*  
Contracts (Federal Government as purchaser—GSA)  
Grants (do-good programs—EDA, Model Cities, NSF research, etc.)  
Subsidies (needy industries—airlines, etc.)  
Bank Deposits (all Federal accounts)  
Social Need Programs (direct benefit to citizen, i.e., Social Security, welfare, etc.)  
Public Works Projects
3. *Execution of Federal Law* (resides mainly in Department of Justice whose interpretive power touches every vested interest).
4. *Information and Public Relations Capacity* (a professional (?) public relations office in each department and agency constitutes an enormous public information apparatus).
5. *Travel* (domestic transportation can be provided by law; foreign travel, international conferences, etc. are available).
5. On October 26, 1971, Harry Dent of the White House staff sent a "Confidential" memorandum to Mitchell and Haldeman reporting on a recent meeting with a group of southern blacks.<sup>10</sup> In a paragraph that presaged later administrative activity, Dent wrote:  
3. Grant recipients are by and large Democrat-oriented groups, said the conferees. I have already been in touch with Phil Sanchez and some Southern black leaders about channeling money to groups whose loyalties lie elsewhere. I have also delayed the promotion of the Southeastern OEO man to the No. 3 spot in OEO until he demonstrates proof positive that he is rechanneling money from Democrats to RN blacks.<sup>11</sup>
6. A significant document that reflects administration interest in 1971 in employing Federal resources is a June 23, 1971, "Confidential" "Discussion Draft" entitled "Communicating Presidential Involvement in Federal Government Programs,"<sup>12</sup> prepared by William Horton of Frederick Malek's staff. This document is also important because it appears a forerunner of the Responsiveness Program concept discussed in the next section of this chapter. Horton prepared this paper under the supervision of Malek who had received a request from Haldeman to consider how the grant-making process could be used to the President's advantage.<sup>13</sup>

The memorandum's initial paragraph recommends that:

[T]he President's direct control over awarding selected grants should be strengthened to ensure that political circumstances can be considered, if appropriate, in making awards.

It then states:

To ensure politically sensitive grant applications receive appropriate consideration, two basic steps must be carried out: (1) determine which grants are politically sensitive and (2) ensure these grants receive positive consideration from OMB and the Departments.

Under the heading "Determination of Politically Sensitive Grants," Horton wrote:

This step should be accomplished in a manner which minimizes the risk of unfavorable publicity and falsely raised expectations. Therefore the possibilities of surveying all pending grant applications or soliciting the opinion of Congressional and local Nixon supporters were rejected.

Identification should rely on routine contacts with various White House and campaign officials. For example, supportive Senators and Congressmen usually inform the Congressional Relations staff of pending grants which are politically important to them. State and local representatives contact various White House officials in a similar manner. All these inputs should be passed along to Gifford<sup>14</sup> for consideration by the grant coordination group. Based on past experience, the most politically important grant

<sup>10</sup> Exhibit No. 8, 19 *Hearings* 8613.

<sup>11</sup> Mr. Dent's comments on this document are found at exhibit 8, 19 *Hearings* 8615.

<sup>12</sup> Malek exhibit No. 8, 18 *Hearings* 8348.

<sup>13</sup> 18 *Hearings* 8208.

<sup>14</sup> The Mr. Gifford referred to is William Gifford, then of the Office of Management and Budget, who served as a clearinghouse for requests and information on Federal grants.

applications are usually brought to the attention of White House or campaign officials. However, especially important localities where no appropriate grants seem to be in process will be checked in the grant initiation process covered below.

This identification process will generate more grants than could be or should be given special consideration. Consequently, priorities must be set. The memorandum then sets forth a procedure to insure that "the most recent political information and campaign priorities are considered in selecting 'must' grants." Under the heading "Initiating Grants," Horton stated:

In addition to designating "must" grants from pending applications there may be occasions in which political circumstances require a grant be generated for a locality. Once such a locality is identified by the campaign organization, the coordinating group would decide what kind of grant would best meet the needs and available program resources. A campaign representative would then inform the appropriate local official what to submit. When submitted, it, of course, would be designated a "must."

\* \* \* \* \*

Particularly important to the present study is the clear prescription in this document that "legal or regulatory action" should be shaped to benefit the campaign effort. In this regard, the memorandum quoted in the previous section that referred to legal actions by the Department of Justice as a form of "patronage" to be utilized for campaign purposes should be recalled.<sup>22</sup>

The March 17 document recommended further that the Departments be given certain responsibilities to implement the responsiveness plan.

Each Department should be required to develop a plan to insure operating decisions reflect the priorities to the greatest extent possible. The plans would outline what amount of discretionary resources in each area identified above will be allocated to priority areas and groups along with a timetable and responsible individual. Also included would be steps planned for strengthening control over the relevant operating decisions, the announcement process, and the public relations improvements. Finally, the plan would cover actions for cultivating organized groups and for gaining the support of Departmental employees.

Various White House and OMB staffers were assigned responsibilities. For example:

... Gifford would work with Fred Malek and his staff in establishing and supervising the Departmental programs. Gifford would be the principal contact for operating matters with the Departments, communicating to the Departments the political priorities as well as the "must" operating decisions. ...

Senator HATHAWAY. The report quotes from memos along those lines. For instance there was a June 23, 1971, memorandum listing the "basic types of patronage" that could be employed for campaign purposes—grants, jobs, public works, and so forth.

And then on page 366 of the report the memo says, "To insure politically sensitive grant applications receive appropriate consideration, two basic steps must be carried out: (1) determine which grants are politically sensitive, and (2) insure these grants receive positive consideration from OMB and the Departments."

Now, do you recall that when you were at OMB?

Ambassador CARLUCCI. I was not involved in that process.

Senator HATHAWAY. Were you to help out in "politically sensitive" areas such as grants?

Ambassador CARLUCCI. If I may, Senator Schweiker has indicated during that period I was up in Pennsylvania fully occupied with the recovery effort after Hurricane Agnes. I dare say that I gave out a very substantial number of grants up there and contracts as well, and I can state categorically under oath, as I am, that there was no political motivation whatsoever to any of those grants.

<sup>22</sup> 18 Hearings 8610.

Senator, I was aware that in some programs some grants were being checked with OMB, a certain part of OMB, but I did not supervise and was not involved in that process.

Senator HATHAWAY. So you would say that none of the actions that you took at either OMB or HEW or in any positions you held during that period of time were politically motivated?

Ambassador CARLUCCI. Well, Senator, that depends quite frankly on how you define politically motivated. If you say did I remove somebody from a particular schedule C position and put in somebody else in that schedule C position, and were his political credentials examined at that time, then I have to say to you honestly yes, that did happen; but if you ask me did I distort the Government machinery or violate civil service regulations to see that grants were awarded to political groups, for certain reasons, the answer is no.

Senator HATHAWAY. No contract or public works program was granted on that basis. I realize you have various choices to make among meritorious programs and might say, "Well, let us give the money to so and so because he is a supporter of ours, and not give it to somebody else."

Ambassador CARLUCCI. In no organization that I headed were such criteria ever put out. Now I can't say in an organization as large as HEW or one even as large as OEO that somebody down the line did not give a grant to a group for a particular purpose. In fact, I suspect in many cases in OEO and HEW during the Republican administration grants were given down at the lower level deliberately to Democratic groups, but I can say that there were no directives given in any agency for which I had responsibility along political lines.

Senator HATHAWAY. You say no directives were given?

Ambassador CARLUCCI. The directives that were given in the agencies that I had responsibility for were that grants were to be made on the merits and not on the basis of political consideration; directives also were that all personnel appointments were to be made strictly in accordance with civil service regulations.

Senator HATHAWAY. So you are not aware of this memo at all that was quoted in the Watergate Committee report?

Ambassador CARLUCCI. I would have to see the memo. I have not read the Watergate Committee report.

Senator HATHAWAY. I see. Do you think if you looked at it now you could tell, or would you need more time?

Ambassador CARLUCCI. I can look at it now if you like.

(Copy of the report handed to Ambassador Carlucci.)

Ambassador CARLUCCI. Senator, I cannot state categorically I did not see this memo. I do not recall it. And certainly if it did cross my desk I had nothing to do with the procedures that it seems to call for.

Senator HATHAWAY. I think on page 369, bracketed in red, it says something about getting "OMB staffers" involved in this operation.

Ambassador CARLUCCI. It also mentions an individual who in OMB at that time had responsibility for grants coordination, and I had very little contact with that process. That process was handled independently of me.

Senator HATHAWAY. So, to make it clear, would you mind summarizing what your statement is with respect to this supposed responsiveness operation that you didn't know about, or if you knew about it, you didn't pay any attention to it, or what is it?



Ambassador CARLUCCI. Senator, I was generally aware of it, but the instructions in every agency where I had responsibility were to follow the standard procedures and not to give political preference. During the time frame that the responsiveness operation was underway, as I pointed out earlier, I was totally engaged in the Agnes disaster effort.

Senator HATHAWAY. When was that?

Ambassador CARLUCCI. I believe I went up there in August—

Senator HATHAWAY. Of 1972.

Ambassador CARLUCCI. Of 1972, yes, sir, and I was up there through November or December.

Senator HATHAWAY. And the responsiveness program was when?

Ambassador CARLUCCI. I don't know. Frankly you have much more information on it than I do.

Senator HATHAWAY. Well, the first memo I think was June 23, of 1971. It was in effect probably at the time you were there?

Ambassador CARLUCCI. Yes, in that period of time I was Associate Director of OMB for Management, in which area I had no contact with the grantmaking process other than to work with the agencies to improve on a technical basis grant and contracting procedures.

Senator HATHAWAY. Would you explain that in a little more detail?

Ambassador CARLUCCI. Yes, sir, this was a position that was created by George Schultz when he took over OMB. It was first occupied by Arnold Weber. Then when Arnold Weber went to the Cost of Living Council, I replaced him. The job was to work on managerial and organizational problems. For example, we put together the President's departmental reorganization proposals and testified before the Congress, before the Government Operations Committee on the reorganization proposals.

We also had under us a division which dealt with improving the statistical capability of the various agencies.

We had under my responsibility a group that dealt with the Federal Regional Council system I mentioned in my opening statement, an effort to pull together the different agencies at the field level.

We also had a group that worked on management improvements, going into agencies and helping them improve ways to streamline their grant and contract-making process, but we had no grant-making authority, no contract-making authority.

Indeed, it is fair to say I had no grant making authority or contracting authority myself during the Agnes disaster relief but I had full authority to direct other agencies to make grants and contracts. The point is that during that whole period I was either engaged on the management side of OMB or in the Agnes disaster relief effort.

Senator HATHAWAY. Thank you.

Mr. Chairman, I understand my 15 minutes are up and I would like to pursue this at a later time when it comes my turn again.

The CHAIRMAN. Fine.

Senator HATHAWAY. It may take another half hour or more to ask all of the questions involved.

The CHAIRMAN. All right, Senator Huddleston, just for information how long do you think your questioning would take?

Senator HUDDLESTON. Well, I can confine it to 15 minutes.

The CHAIRMAN. I am not trying to urge you to abbreviate. I thought we should have an executive session Monday, Monday morning, to permit the nominee to deal with a couple of sensitive areas that he has been involved in, then for the committee to decide its disposition of the nomination.

I am just trying to determine how much extra time we will need here today.

Senator HUDDLESTON. Those sensitive areas, are you referring to positions he has had and activities in such places as the Congo, Zanzibar?

The CHAIRMAN. Yes.

Senator HUDDLESTON. Well, that would reduce my questioning then to about 10 minutes, whatever you want me to do.

The CHAIRMAN. I am not urging you to limit your time. I am just trying to determine whether we should suspend for lunch and come back or whether we can go on and everybody get the questions over with and then have lunch. It makes no difference.

Senator HUDDLESTON. I can finish mine in 15 minutes.

The CHAIRMAN. Why don't you proceed.

Senator HUDDLESTON. Mr. Carlucci, I am pleased to see you here as the President's nominee and I have no serious question that you will be confirmed and will be on the job soon.

The CHAIRMAN. Let us suspend, I would suggest, after the Senator from Kentucky is through. We will take an hour for lunch after which time the Senator from Maine can proceed with his additional questions.

Senator HUDDLESTON. As I say, Admiral Turner, I think has been somewhat disadvantaged in not having a deputy. Having a deputy on the job should be beneficial to the operation of the entire intelligence community.

You are a Foreign Service officer and intend to maintain that status; is that correct?

Ambassador CARLUCCI. Yes, sir, that is correct.

Senator HUDDLESTON. Have you seen any possible conflict of interest in continuing that position given the responsibilities that you will have? As you have pointed out, you will be dealing not only with the internal operations of CIA but with the intelligence community. You will be dealing with State Department officials on policy matters. The Bureau of Intelligence and Research in the Department of State is part of the intelligence community. Some of the individuals you will be dealing with may have some influence on your future career as a Foreign Service officer. Do you see this as presenting any obstacle to your impartiality?

Ambassador CARLUCCI. No, Senator, I don't, but that, of course, is a matter that the committee will have to judge.

Let me point out at the outset that in the Foreign Service Act of 1946, the Congress foresaw such a situation. If I may quote the act, section 961 says, "if a Foreign Service officer shall be appointed by the President, by and with the advice and consent of the Senate, such person shall not by virtue of the acceptance of such an assignment lose his status as a Foreign Service officer." It is under this provision that I have previously served in other agencies, OEO, OMB, and HEW.

As far as the question of conflict of interest is concerned, I suppose there would have been a greater conflict during my days in OMB when

I was dealing with the overall State Department budget. Essentially the budget is the President's budget and there are routes for appeal if people disagree with the budget decision. Under the new Executive order there is set up a procedure by which the Director of Central Intelligence coordinates the intelligence budget, but it also allows for direct appeals to the President.

So I don't feel there would be any conflict there.

As far as my experience on the policy side is concerned, we are all to a certain extent prisoners of our own background. It affects our orientation, but in each job that we move into we try to be as objective as we can. I think that my record in various other agencies demonstrates that I have been objective. I have not hesitated to speak up and express my views either to my direct bosses or to other agencies. Finally, I might note on a semifacetious note, Senator, if I may, that if I were really that interested in furthering my Foreign Service career this is the last job I would be accepting.

Senator HUDDLESTON. You see no particular problem?

Ambassador CARLUCCI. I see no particular problem.

Senator HUDDLESTON. You mentioned, I think, in your opening statement that you and Admiral Turner had discussed your specific role with the President. Is that correct?

Ambassador CARLUCCI. Yes, sir.

Senator HUDDLESTON. Have you discussed your role with the President's National Security Adviser?

Ambassador CARLUCCI. Yes, sir, I have briefly, and I have discussed it at more length with his deputy, David Aaron.

Senator HUDDLESTON. What do you think your action would be if you were requested by any of your superiors to perform some act which you considered to be illegal?

Ambassador CARLUCCI. I would try to dissuade the President or that other superior from that act. Failing that I would resign.

Senator HUDDLESTON. That is about the best answer we have received on that question from anybody.

You have had great experience in embassies in foreign countries and in dealing with intelligence operations in those countries. What in your judgment should the relationship be between the Ambassador or the chief Foreign Service officer in a country and the intelligence operations?

Ambassador CARLUCCI. I think there has to be a very close relationship, Senator. This is something I did take an interest in in a number of my assignments, and I referred in my opening statement to certain procedures that we had established whereby intelligence information was made available to Embassy reporting officers before it went forward. Similarly, I would have Embassy reports made available to the intelligence agencies in the Embassy. This procedure was not for the purpose of changing intelligence reports, but for the purpose of better evaluating them, adding comments, to put them in perspective, and to ensure a better allocation of time and resources.

I might say that the initial reaction of some of the people when I started this was, "My God, this is going to be a terrible bureaucratic procedure," but once it got working I found that most people found it helpful. The Washington-end users were better able to evaluate the intelligence product.

As far as the Ambassador is concerned, I think he has to have a very close relationship with the intelligence community. I myself have found their information very valuable, both as a basis for decisionmaking, but also as a basis for preparing analytical reports from the Embassy.

Senator HUDDLESTON. Would you say that the relationship that existed, for instance, while you were in the Congo was satisfactory or unsatisfactory?

Ambassador CARLUCCI. Well, it is hard for me to talk specifically about the Congo because I was a relatively junior officer there and did not have any coordinating authority or responsibilities. I would see intelligence reports generally in the reading file but the system that we worked out in Brazil I found to be very satisfactory where all of the intelligence agencies, including the Defense Intelligence Agency, shared their information before it went, and the system that we had in Lisbon I found very satisfactory.

Senator HUDDLESTON. In the Congo were you aware of the efforts of the intelligence community and the CIA as they related to Mr. Patrice Lumumba?

Ambassador CARLUCCI. Could you make your question more specific?

Senator HUDDLESTON. The CIA was engaged at that time in a plot directed against Lumumba.

Ambassador CARLUCCI. No, sir, I was not aware of that.

Senator HUDDLESTON. You were not aware of any of that?

Ambassador CARLUCCI. No, sir.

Senator HUDDLESTON. Do you know whether or not any other member of the Embassy there was aware of it?

Ambassador CARLUCCI. I do not know. Certainly no one talked to me about it.

Senator HUDDLESTON. As has been mentioned just very briefly, we are on the verge of introducing statutory charters to cover the operations of our intelligence agencies. We are all aware of the Executive order that has just been released by the President.

What is your judgment about the need for legislative charters?

Ambassador CARLUCCI. Basically, I think a legislative charter would be desirable in that it would lay a firmer statutory base for our intelligence capability and that it would set guidelines that hopefully the administration and the Congress could agree upon, which would firmly guarantee the individual liberties of our citizens.

I would have one caveat. I would hope that the charter legislation would be just that, that it would be charter legislation and not get into such a level of administrative detail that we couldn't handle unforeseen contingencies.

Senator HUDDLESTON. By that do you mean it should not be specific about what is permitted or is not permitted, or should not detail the missions of the various—

Ambassador CARLUCCI. I think there are levels of specificity. I think this is a kind of thing that we can work out with the committee. I have seen legislation that has been overly specific and I have seen legislation that hasn't been specific enough, but I would certainly be prepared to work with the committee and present to them my best judgment.

Senator HUDDLESTON. Without getting too specific, would you say there are certain areas of activity that could and should be restricted, limited or prohibited?

Ambassador CARLUCCI. Oh, certainly, and much of that has been done in the Executive order and in other agency regulations, and it is perhaps desirable to build some of that into legislation.

Senator HUDDLESTON. Some of our agencies, for instance, the National Security Agency, have no legislative charter. There is no charter for the intelligence operations of the FBI.

Do you believe that these activities should be based on legislative authority?

Ambassador CARLUCCI. Well, I would hesitate, Senator, at a confirmation hearing to speak for the FBI or NSA.

Senator HUDDLESTON. That is part of—

Ambassador CARLUCCI. That is part of the community.

Senator HUDDLESTON. You are going to be exercising some authority there.

Ambassador CARLUCCI. I think charter legislation for the intelligence community is a desirable thing, but I took your question to be more directed at individual institutions and I don't think I am qualified to say whether the FBI or NSA ought to have a specific charter.

Senator HUDDLESTON. Mr. Chairman, in the interest of time I think I will suspend here with the possibility of asking additional questions later.

The CHAIRMAN. I would just like to make an observation, and I hope our nominee will take it in the vein of cooperation and good spirit that it is offered.

In response to the colloquy just transpired I think all of us understand that there is a limit beyond which the legislative process evolves into the nitpicking, administrative questions that bog down the whole process of collecting intelligence. In light of what we have been through over the last few years, the kind of disclosures and the kinds of abuses that have gone on back over a long period of time, I think it is absolutely critical if we are to convince the American public we are sincere that we get into enough detail what thou shall not do and what thou may do, so they are convinced we mean business and you mean business.

To do less than that would not discharge our responsibilities. We may have a difference of opinion where that line is. That, of course, is the process we will be pursuing and the Senator from Kentucky has been pursuing for some time. We are not looking for total agreement, but if the shoe doesn't bind a little it is going to fall off, and I don't think that is what we are looking for as far as a charter is concerned, and I don't really think it would be in the best interests of the community.

Ambassador CARLUCCI. Well, I agree with what you said. I am sure we can find common ground.

The CHAIRMAN. Unless you have an urge to come back here after lunch and have nothing else to do with your time, we could perhaps wait until Monday. We had the hearing scheduled at 2 and we could start out in open session in the event anyone has any questions. I think the questions of the Senator from Maine are the kind that he would like to ask and certainly would be applicable to open hearings,

and then we will go into executive session for any sensitive questions any of the Members may want. If you don't have any objections.

I have alerted some of our committee members who have not been here, if they have questions they are free to submit them in writing, and you would be willing to answer them in writing for our record.

Ambassador CARLUCCI. Fine, thank you.

The CHAIRMAN. Is that agreeable?

Senator HUDDLESTON. Yes.

The CHAIRMAN. Do you have any objections to that, Mr. Carlucci, coming back at 2 o'clock on Monday?

Ambassador CARLUCCI. That would be fine with me. I would only point out I do have plans to return to Portugal on Tuesday, so I would hope if at all possible that the process could be completed on Monday.

The CHAIRMAN. You don't want it to be completed any earlier than I do. I want to resolve this and get on about our business. That might not be entirely true, you might want to be through quicker than I would.

We will see you at 2 o'clock Monday, if that is satisfactory. We will be in recess until that time.

[Whereupon, at 1:10 p.m. the committee adjourned, to reconvene on Monday, January 30, at 2 p.m.]



MONDAY, JANUARY 30, 1978

U.S. SENATE,  
SELECT COMMITTEE ON INTELLIGENCE,  
Washington, D.C.

The committee met, pursuant to notice, at 2:08 p.m., in room 5110, Dirksen Senate Office Building, Senator Birch Bayh (chairman of the committee) presiding.

Present: Senators Bayh, Hathaway, Huddleston, Biden, Hart, Garn, Mathias, Chafee, Lugar, and Case.

Also present: William G. Miller, staff director; Earl Eisenhower, minority counsel; and Audrey Hatry, clerk of the committee.

The CHAIRMAN. We will reconvene our hearing.

This afternoon our colleague from the House, Mr. McDonald, has asked to testify.

Would you care to proceed, sir.

**TESTIMONY OF HON. LARRY McDONALD, A REPRESENTATIVE IN CONGRESS FROM THE SEVENTH CONGRESSIONAL DISTRICT OF THE STATE OF GEORGIA, ACCOMPANIED BY FRED SMITH, ADMINISTRATIVE ASSISTANT; AND LOUISE REES, RESEARCH ASSISTANT**

Mr. McDONALD. Thank you, Mr. Chairman.

Mr. Chairman, members of the committee, I am here to present in summary testimony urging you to reject the nomination of Ambassador Frank Carlucci to the post of Deputy Director of the Central Intelligence Agency.

My full testimony has been made available to you, and I ask unanimous consent that it be made a part of the record.

The CHAIRMAN. Without objection.

[The prepared statement of Representative McDonald follows:]

**PREPARED STATEMENT OF REPRESENTATIVE LARRY McDONALD, A REPRESENTATIVE IN CONGRESS FROM THE SEVENTH CONGRESSIONAL DISTRICT OF GEORGIA**

Mr. Chairman, Members of the Committee, I am here because your Committee is studying the nomination of Ambassador Frank Carlucci to the post of Deputy Director of Central Intelligence.

If confirmed, Mr. Carlucci will be the de facto head of our Central Intelligence Agency, while Admiral Stansfield Turner will be involved principally in overseeing the activities of our other intelligence agencies.

Mr. Carlucci's nomination to this critical position comes at a time when the CIA is in a state of crisis and demoralization resulting from a number of factors including the disruption of foreign operations by turnover of former employees; from harsh public criticism sometimes unfair of the failure to provide accurate intelligence on the military buildup of the North Vietnamese forces prior to the 1968 Tet offensive; and from sensationalized media criticism fed by the animosity of the U.S. revolutionary left, which has given the public irresponsible warped accounts of past CIA operations and procedures correctable by internal administrative measures and not needing legislation.

At the nadir of this period of crisis and disruption, the CIA has been struck with radical changes including dismissals of many seasoned intelligence officers and a drastic cut in covert activities with an increasing reliance on electronic intelligence.

Therefore, Mr. Carlucci's nomination must be viewed in the context both of his career and of our country's need to resolve the crisis with restoration of the CIA to being a strong, efficient intelligence service.

According to Mr. Carlucci's biography, from 1960 to early 1964, he was stationed in Leopoldville, Congo, as a Foreign Service Officer and subsequently was in charge of Congolese Political Affairs at the State Department. Normally an officer at this level is not interjected into the policy-making strata; however, as reported in some colorful, but not contradicted press accounts, Mr. Carlucci was a person for whom Congo Prime Minister Patrice Lumumba performed substantial favors, and was something of a confidant of his successor, Cyrille Adoula.<sup>1</sup>

These events in the Congo, more than sixteen years ago, appear to have set a career pattern which makes it necessary to briefly review the Congo question.

Lumumba was a tyrant of the most extreme variety and a staunch ally of the Soviet Union's interests in Central Africa. The evidence of Lumumba's cruelty was provided by United Nations document number A/4711/ADD 2 published on March 20, 1961, which reproduced a confidential memorandum from Lumumba entitled "Measures To Be Applied During the First Stages of the Dictatorship" which listed eight "most effective and direct means of succeeding rapidly in our task." The eight points commenced, and I quote:

1. Establish an absolute dictatorship and apply it in all its forms.
2. Terrorism, essential to subdue the population.
3. Proceed systematically, using the army, to arrest all members of the opposition. \* \* \*

The Lumumba memorandum went on to specify torture and public humiliation of political opponents, and I quote "who sometimes abuse their parliamentary privilege," and recommend they be subjected to "atrocities"—that was his own word—until dead.

Cyrille Adoula was the second Congo Prime Minister with which Mr. Carlucci was able to establish a relationship. Adoula had many points in common with Lumumba including a mercurial and tyrannical temperament and pro-Soviet policies. In August 1961, the Soviet publication Moscow Times noted with satisfaction that in the Adoula government, "the members of political parties of the national bloc which was headed by Patrice Lumumba have 23 seats in the government, or an absolute majority. \* \* \* The decision of the parliament commits the new government to carry out all decisions made earlier by the Lumumba government." Adoula confirmed those policies in his February 1962 address to the U.N. General Assembly. Notwithstanding the fact that Adoula had been quoted in the magazine *Presence Africaine* in December 1957 as saying:

"Being a socialist I am for the transformation of the present society. And for this I conceive the collectivisation of the means of production. In order to attain this goal, I see only one means: the struggle of the classes, the permanent class struggle."<sup>2</sup>

The U.S. Department of State Bulletin for November 26, 1962 commenced by characterizing the Adoula regime as a "moderate parliamentary central government" and went on to argue that the United States had to keep him in power lest he ask for direct aid from the Communist countries or be replaced by a regime even more overtly in favor of the Soviet bloc.

Here we have two instances where Mr. Carlucci was able to promote implementation of the so-called Braden doctrine, as described by OSS and CIA historian R. Harris Smith, the policy of supporting wherever possible the so-called "non-Communist left to beat the Communist left," even though this actually meant all too often supporting a rival Communist faction against the Communists controlled by the Soviet Union.<sup>3</sup>

In the case of the Congo, our country pursued the mistaken policy of destroying the independent, black-governed, pro-Western Republic of Katanga and finally

<sup>1</sup> New York Times, Dec. 31, 1970, p. 24; Washingtonian, April 1976, pp. 59-60.

<sup>2</sup> "Situation in the Republic of the Congo, report by the United Nations Conciliation Commission for the Congo, U.N. Document A/4711/ADD 2, Mar. 20, 1961, pp. 42-46.

<sup>3</sup> Moscow Times, article reprinted in the Congressional Record, Sept. 13, 1961, by Senator Thomas Dodd.

<sup>4</sup> Presence Africaine, Dec. 28, 1957.

<sup>5</sup> R. Harris Smith, "OSS: The Secret History of America's First Central Intelligence Agency" (University of California Press, 1972), p. 368.

doing nothing to stop the eventual murder of Moise Tshombe by the Algerians after they forced down his plane in their country. Mr. Carlucci was an active participant in this disgraceful period of American history.

In the statement he made earlier to this Committee, Mr. Carlucci expressed his strong support for the OEO Legal Services program for which he was responsible and which he acknowledged was controversial. The controversy over OEO Legal Services stems from the fact that the program has from its inception been penetrated and perverted by members of the National Lawyers Guild (NLG), an organization founded with the assistance of the old Comintern as a Communist Party, U.S.A. legal front, which the liberals abandoned at the time of the Hitler-Stalin pact, and which today is still controlled by Communists of the Moscow and Havana varieties. The NLG has used OEO Legal Services to support social activism by litigation, in particular by bringing suits against police intelligence units whose work is to prevent violence, riot and terrorism.

Our constitutional, representative form of government is designed to provide mechanisms for change without recourse to polarization and violence, yet the long OEO Legal Services attack on the police intelligence units aims at ensuring that organized violence may be instituted without interference.

Ambassador Carlucci was quoted as saying in a 1976 speech to the American Club in Lisbon, Portugal, that "There are a few ways an individual can effect change. He can be elected to political office or he can work for the government." In this case the change for which he is responsible has been to the disadvantage of our country. Mr. Carlucci is the one person most responsible for the survival of OEO Legal Services and its successor, the Legal Services Corporation. Should this Committee desire evidence on this most serious matter, I urge that they hear testimony from Mr. Howard Phillips who succeeded Mr. Carlucci as Director of OEO.

Ambassador Carlucci's performance in Portugal since 1975 appears to demonstrate that he is almost singlehandedly responsible for establishing American backing for the left socialist party led by Mario Soares as the counterweight to the Communists rather than even the far more moderate Social Democratic and Social Democratic Center groups. It is revealing that Soares has been praised by leaders of the so-called "Euro-communist variety of Marxist-Leninism such as Spanish Communist Party leader Santiago Carrillo. But even more significantly, Soares has repeatedly expressed his willingness to cooperate with the Communists so long as they use the electoral route to power.

Interviewed by the West German Frankfurter Rundschau in Geneva on the occasion of the Congress of the Socialist International in December 1976, Soares said, "If Communists say that they want to cooperate with us in a democratic future, then we will believe them."<sup>6</sup> In a press conference published a few days earlier in Lisbon's Expresso, Soares stated that there would be no problem if the Communist parties were to gain power in France and Italy "since those Communist parties accept Eurocommunism, democracy and freedom."<sup>7</sup> Ambassador Carlucci's promotion of the Soares party as an "alternative" to a Communist takeover could stand considerable examination.

In his statement before this Committee on January 27th, Mr. Carlucci made reference to Executive Order 12036 signed by the President on January 24th and said that "It erects safeguards against abuses such as those that have recently come to light and that have troubled us all." In his unqualified welcoming of Executive Order 12036, Mr. Carlucci accepts that widespread reforms are necessary and in so doing accepts the false thesis promoted and sensationalized in the press that numerous abuses existed.

That is not the truth. As in every organization composed of human beings, the CIA has made errors of judgment, has undertaken programs which failed to accomplish what they were supposed to, or with hindsight were continued beyond the original need. Mistakes long since corrected, policies and programs already altered or on the shelf were blown up out of all proportion by those hostile to its activities and who were seeking an excuse to hobble the Central Intelligence Agency's ability to protect this country. The so-called "reform" provisions which are really restrictions on intelligence gathering were to a large measure suggested by the enemies of the CIA with the purpose of reducing its effectiveness.

In his unqualified welcome of the Executive Order, Mr. Carlucci accepts the provisions of Section 3, paragraph 3 which initiates a new and major role in the intelligence community for the Attorney General. Doubtless these provisions

<sup>6</sup> Frankfurter Rundschau, Dec. 10, 1976, p. 9.

<sup>7</sup> Expresso, Dec. 3, 1976, pp. 1, 3.

were intended as safeguards, but in fact they provide a potential for dangerous breaches of security and more leaks of the sort we have seen in the investigation of Korean influence-peddling and in the mishandling of FBI and CIA information related to that case. It must also be remembered that the ultimate responsibility for the past wholesale leaking of FBI files to irresponsible journalists like Jack Anderson by people in the Department of Justice rests with the Attorney General.

When Mr. Carlucci accepts the giving of veto powers over intelligence operations to the Attorney General, we should remember that under the previous Republican Administration, Attorney General Edward Levi cancelled the FBI's ongoing investigation into the activities of the Socialist Workers Party, a Communist organization which is the American section of the Fourth International, an internationally active body that has taken part in and supported terrorism in Latin America, Europe and the Middle East. Leaders of the Socialist Workers Party perform courier service and provide money and other logistical support to terrorists for the Fourth International. At the request of the Fourth International, the Socialist Workers Party has sought to obtain CIA files which have been denied on national security grounds. Yet under Executive Order 12036, a future Attorney General with views similar to Mr. Levi may decide that the CIA should end examination of the Fourth International's involvement in international terrorism because of the significant involvement of U.S. citizens in its operations.

By inserting the Department of Justice into the intelligence community concerned with gathering overseas information, we are making available to yet another group of civil servants potentially sensitive material gathered by the intelligence services of our allies and which if leaked could result in a shutdown of necessary liaison. The Central Intelligence Agency is already hampered by a lack of trust stemming from leaks and irresponsible handling of sensitive intelligence data.

Mr. Chairman: Our intelligence agencies need the services of unusually committed and competent men and women who exhibit the qualities of courage, initiative, imagination and perseverance. But as promulgated in Executive Order 12036, these alleged "reforms" will nurture a different breed of intelligence officer, a cautious time-serving civil servant, which will produce a leaden inflexibility that will further cripple America's ability to gather intelligence.

Quite properly, Mr. Carlucci acknowledged a strong reaction to the activities of one Philip Agee which he described as "cold-blooded irresponsibility." I believe that this term is quite insufficient for Agee's activities reflect one of the parameters of the attack on the CIA and U.S. intelligence community by the Soviet KGB, its satellite secret police agencies and agents in the free world.

Philip Agee's efforts during the past three years to stir up anti-American sentiment and influence elections in countries including Jamaica, Portugal and Australia, accompanied by his continual association with known Communist intelligence agents, revelation of Agee's apparent responsibility for the destruction of an important NATO intelligence network targeted at the Warsaw Pact and repeated descriptions of himself as a "revolutionary socialist" have certainly lessened his effectiveness as an anti-CIA propagandist.

Even so, Agee has continued to come up with more material to distort against the CIA. Certainly some of his material comes from hostile intelligence services as his many trips to Havana to get information for his first book and his quiet 1976 trip to Moscow indicate. But other material seems to come from the extensive requests under the Freedom of Information Act made by John D. Marks and others at the Center for National Security Studies here in Washington who have a close relationship with Agee. Last winter CNSS project director Morton Halperin went to London to aid Agee's deportation appeals and give him information about anti-intelligence activities here. Agee appeared favorably impressed to the extent that in June 1977, at his last press conference in London prior to deportation, he went out of his way to compliment Halperin's side project, the so-called Campaign to Stop Government Spying in which many of the CIA's domestic enemies may now be found.<sup>8</sup>

I would further note that as I reported in detail to my House colleagues on September 20, 1977, Victor Marchetti, a former executive assistant to the Deputy Director of Central Intelligence appears to have failed badly in an attempt to perform an Agee role in the September 1977 elections in Norway. And may I respectfully remind this Committee that my distinguished colleague from the 18th

<sup>8</sup> Congressional Record, Jan. 31, and Feb. 1, 1977.

District of Illinois, Representative Robert H. Michel, has a Bill pending before the House, of which I am a co-sponsor, that would properly bring the conduct of Agee and his associates within the scope of the U.S. Criminal Code.

Confirmation of Frank Carlucci as Deputy Director of Central Intelligence will add another bureaucrat to an agency already, by Admiral Turner's own account, suffering from an over abundance of such people. Rejection of this nomination would tell the CIA that Congress wants an effectively functioning intelligence agency that will fulfill its responsibilities to the nation. Therefore I urge you to reject this nomination and give the Administration the chance to find a candidate that can fulfill that role.

Thank you, Mr. Chairman, and members of this Committee, for your attention.

Mr. McDONALD. Mr. Carlucci's nomination as de facto head of our Central Intelligence Agency comes at a time when the CIA is in a state of crisis and demoralization resulting from a number of factors including the disruption of foreign operations by turncoat former employees; from harsh and sometimes unfair public criticisms of past failings, and from sensationalized stories in the mass media fed by the animosity of the United States revolutionary left which has given the public irresponsibly warped accounts of past CIA operations and procedures correctable by internal administrative procedures and not needing legislation. And at the nadir of this period of crisis and disruption, the CIA has been struck with radical changes including dismissals of many seasoned intelligence officers and a drastic cut in covert intelligence activities with increasing reliance on electronic intelligence collection.

Mr. Carlucci's biography shows that from 1960 to early 1964 he served in Leopoldville, then the Congo, as a Foreign Service officer and later headed the Congolese desk at the State Department. Normally an officer at this level is not interjected into policymaking strata; but as some colorful but not contradicted press accounts show, Mr. Carlucci was close to both Prime Minister Patrice Lumumba and his successor, Cyrille Adoula.

Lumumba was a tyrant of the most extreme variety and a staunch ally of the Soviet Union. Adoula had many points in common with Lumumba including a mercurial and tyrannical temperament and pro-Soviet policies. As an architect of U.S. support of these two dictators Mr. Carlucci's judgment can be questioned.

Furthermore, Ambassador Carlucci's performance in Portugal since 1975 appears to demonstrate that he is almost singlehandedly responsible for instituting U.S. backing for left Socialist Party led by Mario Soares as a counterweight to the Communists, rather than supporting the far more moderate Social Democratic and Social Democratic Center groups. For his part, Portuguese Prime Minister Soares has expressed his support for the so-called Euro-Communist parties and his own willingness to cooperate with the Communists so long as they use the electoral route to power. Yet the administration is openly concerned with the prospect that the Euro-Communists may take power in Italy and France. And again, Mr. Carlucci's judgment may be questioned.

In his earlier statement to this committee, Mr. Carlucci expressed his strong support for the OEO legal services program which he acknowledged as controversial. The controversy was caused by large scale theft and misuse of public funds and the role played by the subversive National Lawyers Guild organization in using legal service as a vehicle to attack and destroy the ability of law enforcement agencies to prevent terror, riot and organized criminal violence.

By expressing support for Executive Order 12036, Mr. Carlucci accepts the giving of veto powers over intelligence operations to the Attorney General. We should remember that under the previous administration, Attorney General Edward Levi canceled the FBI's ongoing investigation into the activities of the Socialist Workers Party, a Communist organization that is the American section of the Fourth International, a body engaged in and supporting terrorism in Latin America, Europe and the Middle East. Leaders of the Socialist Workers Party perform courier service and provide money and other logistical support to terrorists for the Fourth International. At the request of the Fourth International, the Socialist Workers Party has sought to obtain the CIA files which have been denied on national security grounds. Yet, under Executive Order 12036, a future Attorney General with views similar to Mr. Levi may decide that the CIA should end examination of the Fourth International's activities because a significant number of American citizens are involved.

At this time the CIA needs a Deputy Director who can restore both the morale in the Agency and the trust of our allies so noticeably lacking as reported in the recent issue of Newsweek magazine.

I urge you to reject Mr. Carlucci's nomination and ask for the nomination of a professional who can fulfill these critical needs.

Mr. Chairman, members of the committee, thank you.

The CHAIRMAN. Thank you, Representative McDonald.

Could you just tell me for the record, please, sir, I notice in your statement you talk about Mr. Carlucci being close to both Lumumba and Adoula, and also that he was the architect of U.S. support for these two dictators.

What do you have to support that, please, sir?

Mr. McDONALD. It is footnoted, Mr. Chairman, in the full testimony given, but the New York Times reference is given on that, sir.

The CHAIRMAN. What does it say there, please?

Mr. McDONALD. I believe the committee has a copy of the full text, Mr. Chairman, and that particular point was footnoted.

The CHAIRMAN. It was a serious charge. I thought you might be familiar with what it was yourself. But we will look at it here.

That is all we have is the story in the New York Times?

Mr. McDONALD. I believe there is also an interview in the Washingtonian with Mr. Carlucci himself where he spoke of being an architect of the policy.

The CHAIRMAN. Well, do we believe or do we know? That is a rather serious charge. I would not want something said about me, or I assume you wouldn't want something like that said about you, whether it is in the Washingtonian.

Is that footnoted? We can check it out if it is.

Mr. McDONALD. Yes, Mr. Chairman, it is footnoted in the full statement.

The CHAIRMAN. Other questions, gentlemen?

[No response.]

The CHAIRMAN. Thank you, Mr. McDonald.

Mr. McDONALD. Thank you, Mr. Chairman.

Senator HUDDLESTON. I might inquire, I didn't get to hear the entire statement, but some point, the fact that the new Executive order gives the Attorney General the right to, as you put it, veto activities of our intelligence community.



What mechanism would you suggest ought to be provided to give someone the right to review from a legal standpoint whether or not the agencies are conducting legal activities and recommend that they not violate the law?

Is it your position that this is an area that shouldn't be dealt with?

Mr. McDONALD. No, sir. My feeling is that congressional oversight, House and Senate, should be adequate to cover that need, but we have certainly seen the spectre in the past of the Attorney General's office, in administrations, frequently becoming somewhat politicized, and we have frequently found that the Attorney General is usually a very close friend of the Chief Executive, and certainly this is true in this administration and has been true in past administrations. One of the problems has been in the effort to have a professional approach to intelligence needs. There could be a very legitimate question if we bring it into the political structure for decisionmaking.

Senator HUDDLESTON. A political decision rather than a legal decision?

Mr. McDONALD. Yes; I believe the committees of the House and Senate, this committee, for example, would certainly have oversight as to the impropriety or illegality of actions.

Senator HUDDLESTON. I have spent 2 years with the select committee investigating our intelligence, the so-called Church committee, plus 2 years now on this committee. It seems to me like most of the problems that developed, the abuses that were revealed came about because nobody would blow the whistle. The Attorney General didn't indicate on some occasions that certain activities might violate the Constitution of the United States or violate citizens' rights. It seems to me that the preponderance of evidence is that we ought to be moving in that direction instead of away from it.

Mr. McDONALD. Well, I would hope that the committees of the House and the Senate would use their oversight authority.

Senator HUDDLESTON. Oversight can go so far, but if you are dealing with an executive branch that has its own responsibilities, and there is that separation of powers there that kind of puts some limitation on what oversight can do as far as the day-to-day operation of an executive branch agency.

Senator HATHAWAY. Congressman, I just wondered, we will be examining Mr. Carlucci in closed session about some of the matters that you brought up in your testimony. We certainly appreciate it.

Mr. McDONALD. Thank you, sir.

Senator HATHAWAY. Thank you.

Senator HART. Congressman, in the lengthy, full-length version of your statement, you say on page 5, "Mr. Carlucci accepts that widespread reforms are necessary and in so doing accepts the false thesis promoted and sensationalized in the press that numerous abuses existed. That is not the truth."

Now, like the Senator from Kentucky, I served for 15 months on the so-called Church committee, and I am afraid I am going to have to take exception to your statement. Numerous abuses did exist, and I frankly can't accept a statement pointblank by a Member of Congress or anyone else, that this is a false thesis promoted and sensationalized in the press. We have got a two-volume committee report which documents those abuses.

Now, if you happen to think that illegal break-ins and wiretaps and harassment of people in violation of their first amendment and constitutional rights is some sort of a sensationalized, false thesis, then maybe we all ought to go back and read the Constitution.

Mr. McDONALD. Senator, I believe with regard to some of the break-ins and wiretaps, this was in reference to some of the activities of the Federal Bureau of Investigation.

Speaking as a physician, I know that there was some question regarding the propriety of use of individuals for experimentation with drugs. If you recall, that concern came up in the early 1950's because of the problem with prisoners in the Korean war, with the situation that became known as brainwashing. There was also concern developing out of the Cardinal Mindzenty trial as to exactly what did happen to Cardinal Mindzenty. It appears that individuals who agreed to be part of evaluating the effects of various drugs were not told what type of drug they were getting or what their reactions might be.

Well, frankly, in a medical experiment in dealing with a double blind study, that is absolutely standard procedure today because if you are evaluating any drug in medicine for its effect, you certainly do not go over with the subject what the probable reactions might be simply because of the suggestibility factor, and the need in adequate research data, the need for a double blind study, I think that particular instance, for example, was spread all out of proportion as though that was an improper activity, and which on first blush it might appear that way. But, to someone involved in medical research, you know that you have to use double blind research in order to get a valid answer.

Senator HART. Congressman, I am not talking about Cardinal Mindzenty or double blind research or anything else. I am saying that a committee of the U.S. Senate spent almost 1½ years documenting widespread abuses of constitutional rights by a variety of organizations of our Government.

Now, essentially what you are saying here is that there weren't any abuses. You say this is not true. Then, from my judgment, based on that extensive experience, that casts a considerable doubt on your whole statement here. If you don't think that we had some widespread problems of this sort in the intelligence community, then, I don't know where we start from.

Mr. McDONALD. Well, of course, Senator, I was referring particularly to the Central Intelligence Agency. We were not referring in this statement to military intelligence operations, nor to the Federal Bureau of Investigation, all of which came out in the press during this time. I am sure that many people may use a very broad brush in painting the picture, and certainly there have been difficulties presented with regard to past Central Intelligence Agency operations. But there were areas, I think, that could have been and were corrected by an administrative procedure from within the Agency, not necessarily requiring sweeping changes.

And I think with congressional, House and Senate, oversight, hopefully a major portion of these might be avoided for the future. But I think in this we also have to take into account the nature of the threat we face, which is a considerable problem.

Senator HART. I wouldn't disagree with that.

You continue in your prepared statement, on page 6: "The so-called reform provisions which are really restrictions on intelligence gathering were to a large measure suggested by the enemies of the CIA with the purpose of reducing its effectiveness."

The so-called reform provisions to which you referred were constructed, about 75 or 80 of them, after that 1½ years' work by a congressional committee, a select committee of the U.S. Senate, and they were not restrictions on intelligence gathering, and the oversight capacity that we have now are as a result of those hearings and those findings and those proposed reforms, the first of which was to establish congressional oversight.

So merely to say that all these reforms were proposed by enemies of the intelligence community for the purpose of reducing its effectiveness is, in my judgment, patently ridiculous.

Mr. McDONALD. I believe that legislation had its origins in the basic drafts from the National Lawyers Guild and the ACLU, which has not been known for its basic support of intelligence operations.

Senator HART. What legislation was that?

Mr. McDONALD. And the basic draft for changes within—

Senator HART. The Senate Select Committee took its judgment from the National Lawyers Guild and the ACLU?

Senator HUDDLESTON. They would be surprised to hear that.

Mr. McDONALD. My understanding, Senator, is the ACLU did come up, gave its draft for changes, did lobby very actively on the Hill on exactly that point.

Senator HART. And we bought it hook, line, and sinker for the purpose of reducing the effectiveness of our intelligence capability?

Mr. McDONALD. I don't think any Senator would want to be in that position or agree to that position, Senator.

Senator HART. Well, that's what you have just said.

Mr. McDONALD. Well, that would be a misinterpretation of what I am saying, sir.

Senator HART. I am not interpreting it. I just read it.

It is either your position or it is not. It has nothing to do, frankly, with Mr. Carlucci. It just makes me a little angry, frankly, because we put in a lot of time and effort on that, at least three or four of us on this committee, and I didn't take my material from the ACLU or anybody else. It came from 10 of my colleagues and myself and a staff of dedicated people, of 80 or 90 experts who spent 1½ years on this matter, and those reforms were not proposed by anybody but the Senate Select Committee on Intelligence.

Thank you, Mr. Chairman.

The CHAIRMAN. I might suggest to my friend from Colorado that I think that anyone who reads the two articles which I have had a chance to read, perhaps has similar concerns about the objectivity. I hope, Mr. McDonald, that you read them yourself, but we appreciate your taking your time to be here.

Are there any questions? Thank you.

Mr. Carlucci, if you please, sir.

We will operate under the standing that your original oath still carries over to today, and as I recall, we suspended during the questions directed by our colleague from Maine.

Without objection, we will continue there.

Senator HATHAWAY. I understand Mr. Carlucci has a statement that he would like to read, first, that is sort of a followup on his answers to me of last week, Mr. Chairman.

I would like to hear that if we may.

The CHAIRMAN. That's fine.

**TESTIMONY OF HON. FRANK C. CARLUCCI, AMBASSADOR, AND  
NOMINEE TO BE DEPUTY DIRECTOR OF CENTRAL INTELLI-  
GENCE—Resumed**

Ambassador CARLUCCI. Thank you, Mr. Chairman.

Before the questioning resumes, Mr. Chairman, I would appreciate an opportunity to amplify on my answers to Senator Hathaway's questions of Friday.

First, the Responsiveness Program. My responsibilities in OMB from September 1971 through January 1973 did not include grant-making or personnel placement with the exception of my service in Wilkes-Barre, Pa., from September through November 1972, where I had authority to direct agencies to make certain types of grants to assist in the disaster relief effort. From September 1971 to June 1972, I was Associate Director of OMB, concerned solely with broad management problems, management systems, career development, statistical policy, ADP programs, legislative liaison and Federal regional council system.

In June 1972 when I became Deputy Director, I was entirely occupied with putting together the 1973 and 1974 budgets, and with the disaster relief effort.

I testified earlier that I was invited to a meeting sometime in 1972 where a presentation was made to agency heads on the desirability of making as many grants as possible to groups favorable to the administration. It is well known that all administrations are interested in seeing that grants are made to friendly groups, and I did not hear anything illegal being urged on the agency heads at that meeting.

Nevertheless, I found the entire procedure distasteful and resolved never to attend a similar meeting in the future.

As I mentioned, I did not protest because I had no grantmaking responsibilities and was not directly affected by what was said. I did not know why I was even invited to the meeting. I was generally aware from this meeting and some casual comments that I heard that an effort was being made to steer the grantmaking process in a particular direction but I was not aware of the specifics and did not participate in the process in any way. Nor would I have, as Director of OEO, before going to OMB, and prior to the so-called responsiveness program, I tried to make my decisions on the basis of merit, even when this entailed making grants that I knew the White House did not favor.

In HEW, subsequent to President Nixon's reelection, Secretary Weinberger and I gave clear instructions that grants would be made in accordance with applicable legislation on the basis of merit, and that civil service regulations were to be adhered to in the case of personnel appointments. To the best of my knowledge, these instructions were faithfully followed, although we, of course, tried to be as helpful as possible within this policy to Members of the Congress and the White House.

When constituents raise questions about a former Nixon employee being nominated for Deputy Director of Central Intelligence, I assume they are not posing political objection per se to a career civil servant who has served in a Republican administration serving in a Democratic administration.

Foreign Service officers, of which I am one, are all Presidential appointees, and I have served under three Republican and two Democratic Presidents. If confirmed, I would intend to serve under another Democratic President as loyally as I served previous ones. I have known President Carter since the early days when he was elected Governor of Georgia, and have a great respect and admiration for him.

Like most Americans, I have my political preferences, but as a career civil servant I have never expressed them in public. During my years in domestic agencies, I consistently turned down requests to make political speeches or even to appear at political events. This was substantiated, I understand, by an investigation made by Senator Hughes prior to Senate confirmation of my nomination to be a Foreign Service career minister in 1974.

If the constituent's concern is that I am "a Nixon man" as the press sometimes labels me, then a guilt by association issue is being raised. For the record, I had only met Mr. Nixon once before he was elected President, and then only briefly. He visited Brazil around 1968 when I was political counsellor in our Embassy at Rio de Janeiro.

When I was asked to serve in his Administration, I accepted the appointment with the same sense of duty to my President with which I had accepted all other assignments throughout my Foreign Service career. The fact that they were in the domestic area in no way seemed to me to reduce my obligation. To the contrary, the Foreign Service Act of 1946 was explicitly written to encourage Foreign Service officers to serve in other departments. I am a firm believer that such service is very valuable, enabling us as representatives abroad to understand our own country better.

I could hardly be expected to know that this particular President would become involved in matters that would lead to his resignation. Like millions of other Americans, I learned of the political abuses and illegalities of the Nixon administration through the media. I watched with distress as the revelations unfolded. Quite frankly, I worried considerably about the proper course of action for me to take. I once discussed with my superior, HEW Secretary Caspar Weinberger, the possibility of resigning. We decided that resigning would accomplish little and that it was more important for us to try to keep the largest civilian department of Government running and insulate it from political pressure during a period when our Government was essentially rudderless.

I recognize that Senator Hathaway's questions carry no innuendo and are strictly directed at enabling me to make a clear record, under oath, that I had nothing to do with the wrongdoings of the Nixon Administration. I appreciate his courtesy in offering me this opportunity.

Let me therefore, be as categorical as possible. I had no role in or knowledge of any illegal or unethical acts of the Nixon Administration until these acts were revealed in the press. I believe that I served

honorably, and I hope well, during the period in which Nixon was President of our country, just as I served to the best of my ability under previous and subsequent Presidents.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Carlucci.

Senator HATHAWAY. Thank you very much, Mr. Carlucci. I appreciate your additional testimony. I just want to make sure that I get everything straight and ask you a couple more questions.

The only meeting you attended was the one you mentioned, that you found distasteful.

Ambassador CARLUCCI. Yes, sir.

Senator HATHAWAY. Was any mention made of making grants to friends, political friends?

Ambassador CARLUCCI. Yes, sir.

Senator HATHAWAY. And you say that in your entire career, either in OMB or HEW, or OEO, that you did not make any grants along those lines, that is, to political friends rather than someone else.

Ambassador CARLUCCI. What I said was we laid down guidelines that grants would be made strictly in accordance with legislation and merit. Within this policy obviously we would try to accommodate requests from individual Congressmen, in fact, of both parties, or requests from the White House.

Senator HATHAWAY. Of both parties.

Ambassador CARLUCCI. Yes; of both parties.

I can cite grants, for example, Senator, that I made when I was Director of OEO, as I said in my statement, which I know were not looked upon favorably by the White House. The Antioch Law School, for example, is a case in point. The legal services program of Hines County where the State Republican chairman objected, and where I overrode the Governor's veto to institute a program is another example.

Senator HATHAWAY. You did that because you thought that had merit.

Ambassador CARLUCCI. Yes, sir.

Senator HATHAWAY. Despite what the White House and others were telling you, you were going to go ahead with it.

Ambassador CARLUCCI. That's right, sir, and there are other cases. There was the community action agency in Oakland, Calif., and there is the rather well known case of a California rural legal assistance program.

Senator HATHAWAY. What gives me a little apprehension is you say in your statement that you just read that "It is well known that all administrations are interested in seeing that grants are made to friendly groups," and what you may not know was that the Watergate Committee, of course, didn't agree with that defense and stated in their report that such activities "not only appear to contravene the fundamental notion that our Nation's citizens are entitled to equal treatment under the laws, but also raise questions as to the applicability of specific civil and criminal statutes."

Actually, grants such as that are illegal, whether you know it or not or whether other administrations exercised or used that practice



or not. In the case of *U.S. Civil Service Commission v. National Association of Letter Carriers*, a case decided in 1973, the Supreme Court said in part. "It seems fundamental in the first place that employees in the Executive Branch of the Government, or those working for any of its agencies, should administer the law in accordance with the will of Congress, rather than in accordance with their own will or the will of a political party. They are expected to enforce the laws and execute the programs of the Government without bias or favoritism for or against any political party or group or the members thereof." And in another case decided back in 1923, the *Hammersmidt* case, the Supreme Court said, "To conspire to defraud the United States means primarily to cheat the Government out of property or money, but it also means to interfere with or obstruct any of its lawful governmental functions by deceit, craft or trickery, or at least by means that are dishonest. It is not necessary that the Government shall be subjected to property or pecuniary loss by the fraud, but only that its legitimate official action and purpose shall be defeated by misrepresentation, chicanery or the overreaching of those charged with carrying out the governmental intention."

So I think it is clear that any grants made for political purposes or to friendly groups are in contravention of the law.

Ambassador CARLUCCI. I accept that statement, Senator.

Senator HATHAWAY. So I wonder about your statement where you say you never did anything illegal. You may not have known it, but where you indicate in your statement that "It is well known that all administrations are interested in seeing that grants are made to friendly groups," that is illegal, and having that in mind, do you now say that you did nothing that was illegal?

Ambassador CARLUCCI. Well, I don't mean to split hairs with you, Senator, but if, say, a Senator who represents the same party as the party in power suggests that the head of an agency look at a particular program because he thinks it is a good program, and you look at that program and say yes, I agree with the Senator, I think it is a good program and maybe we can be helpful, is this to be interpreted as giving a grant to a friendly group? If so, then I did do that.

Senator HATHAWAY. For both political parties?

Ambassador CARLUCCI. Yes; for both political parties.

I think it is fair to say that more requests came to me from the party then in power, but I did respond to requests from Democrats as well as Republicans, but if you are saying did I deliberately skew the grants to assist target groups that I knew were favorable to the party in power, then the answer is "No."

Senator HATHAWAY. For that sole purpose.

Ambassador CARLUCCI. For that sole purpose, yes, sir.

[Pause.]

Senator HATHAWAY. Excuse me for just a second.

[Pause.]

Senator HATHAWAY. Do you recall a person by the name of Paul Boyajin?

Ambassador CARLUCCI. Boyajin?

Senator HATHAWAY. Boyajin?

Ambassador CARLUCCI. Yes, sir, I do.

Senator HATHAWAY. Who worked for you when you were Director of OEO.

Ambassador CARLUCCI. Yes, sir, he worked for me for a while. He came to OEO before I was named Director of OEO.

Senator HATHAWAY. Do you recall directing him to replace all the Democratic regional directors of OEO with Republicans?

Ambassador CARLUCCI. No, sir, I do not.

Senator HATHAWAY. I will tell you that he has so informed us, that that is the case.

Ambassador CARLUCCI. That is not a correct statement.

Senator HATHAWAY. Do you recall having any conversation with him along those lines at all?

Ambassador CARLUCCI. I recall that when I first came to OEO and was named an Assistant Director for Operations, in which position I had Regional Directors under me, Don Rumsfeld who was then Director, suggested that he would like to appoint some of his own people there, under his instructions, I suggested to some of the incumbents that they might start looking elsewhere for jobs. Other incumbents were kept on. One, in fact, was promoted, the incumbent in the San Francisco regional office, Mr. Joe Maldonado. I brought him in as my personal deputy, but I do not recall giving any instructions whatsoever to Mr. Boyajin on this subject. When it became necessary to ask a regional director to leave, these were people in schedule C positions, I personally—

Senator HATHAWAY. You had the authority to do that.

Ambassador CARLUCCI. Yes, sir, I did.

Senator HATHAWAY. But you don't recall the conversation with Boyajin.

Ambassador CARLUCCI. No, sir, and quite frankly, he would have been the last person I would have asked to undertake this job.

Senator HATHAWAY. But you do say that was the practice. You did replace some of them.

Ambassador CARLUCCI. We did replace most of the regional directors, yes, sir.

Senator HATHAWAY. Was the one in New York replaced?

Ambassador CARLUCCI. No. The one in New York was replaced, yes, sir.

Senator HATHAWAY. Now, you did state, if I may go back to that meeting, it was the only meeting you attended.

Ambassador CARLUCCI. The only meeting I can recall, sir.

Senator HATHAWAY. You didn't make that known to anybody else?

Ambassador CARLUCCI. I tried to recall in my mind whether I made some comment to my then superior Caspar Weinberger. I may have made some comment to the effect that I—

Senator HATHAWAY. He wasn't your superior then, was he?

Ambassador CARLUCCI. No; I guess he was not. I guess Mr. Schultz was.

Well, it is not clear to me when the meeting took place. If it took place prior to June 1972, Mr. Weinberger was not my superior. We were, in effect, colleagues, although he had a higher rank than I did. Mr. Schultz was my superior. If it took place subsequent to June, Mr. Weinberger was my superior. I can't recall exactly when the meeting took place, but I may have mentioned something to my superior, and it is conceivable, as I try to recollect the meeting, that I even left before it ended.

Senator HATHAWAY. And at that time you were not in a position to make any grants anyway, is that right?

Ambassador CARLUCCI. No, sir, I was not.

Senator HATHAWAY. But you acquired that position in July of that year, when you became Deputy Director.

Ambassador CARLUCCI. No, the Deputy Director of OMB is concerned with putting the budget together and has no direct granting authority, either.

Senator HATHAWAY. So you didn't. And even though you were tied up in Pennsylvania, you were still back in Washington, I suppose, off and on, but concerned with the budget.

Ambassador CARLUCCI. I was concerned, very much concerned with putting together the 1974 budget, which, as you will recall, was a very difficult budget. I was doing that as well as running the Wilkes-Barre disaster relief effort. During that period I was also called upon to negotiate the Indians out of the BIA building. So I was quite busy, but I have no grant-making authority on my own.

I did ask agencies to make grants up in the Wilkes-Barre area. I did ask OEO to make one grant available to help get the Indians out of the BIA building.

Senator HATHAWAY. Now, you had a meeting with the staff of this committee on January 10, and you said at that meeting that you got a lot of pressure from Agnew and Mitchell to sustain Governor Reagan's veto of California's legal services, and there was also a case involving some large grant to a doctor in New York.

Would you like to relate those to the committee?

Ambassador CARLUCCI. Well, in the case of California rural legal assistance, it is a rather lengthy story, much of which has been documented.

About the time I was nominated to be Director of OEO, Governor Reagan vetoed the California rural legal assistance program, which was considered to be one of OEO's better legal assistance programs and was solidly supported by the organized bar. The Governor produced a lengthy report, I think it was close to 500 pages, detailing charges against the program. I, as Director of OEO, had the statutory authority to override the Governor's veto.

I think it is fair to say that the Governor made representations at the White House level to see that his veto was sustained. I took the position that I was the one with the statutory authority, and that I would look into the charges and make a judgment. I succeeded in working out a temporary grant, a 6-month grant, with Governor Reagan, while we could look into the charges. I then appointed a commission consisting of three former State supreme court justices who held hearings on the program throughout the State of California.

During this process, I think it is fair to say that there was considerable pressure on me, most of which was exerted either through the then Vice President, Spiro Agnew, or through the then Attorney General, John Mitchell. I can recall on one occasion telling or sending a message to Mr. Mitchell through one of his subordinates that I was running OEO and I did not work for him, that I worked for the President, and if he wished to give me any orders, those orders had to go through the President.

Similarly, at one point I went to John Erlichman in the White House and said that I was Director of OEO. If I was to continue as

Director of OEO, I wanted the authority to negotiate with Governor Reagan on his program, without being undermined. Otherwise I saw no point to my remaining Director of OEO.

As I recall, Mr. Ehrlichman wrote a memo to Vice President Agnew and to Attorney General Mitchell saying that, in effect, I was running OEO. Subsequently, when the report of the State Supreme Court Justice came out I went to California and negotiated directly with Governor Reagan. We were able to negotiate the longest grant in that program's history, an 18-month grant, and to the best of my knowledge the program is alive and well today.

I don't recall the other instance too clearly, but I do remember receiving in about 1971, a request from the White House to join with other Federal agencies in making a grant to a man whose name I believe was Dr. Matthews. He was a black doctor in New York who was starting a community development program of sorts. I sent one of my subordinates to the meeting, and he came back and reported to me on the White House meeting. We agreed that we had the statutory authority to make the grant. We agreed that the project was the kind of project that was desirable, and along with a number of other agencies, we made a grant.

Subsequently, when I was in OMB, it was called to my attention, I believe, through the Federal Regional Council mechanism, that the grants that had been made to this particular individual were being abused. At that time, without consulting the White House, I gave instructions that the agencies were to put a moratorium on their grants until a complete audit could be made of the project.

The CHAIRMAN. Can I ask my colleague how much more time he has?

Senator HATHAWAY. Well, I would just as soon stop now. But I do have some other question.

The CHAIRMAN. All right. I just wanted to be fair.

Senator GARN. I have no questions at this time.

The CHAIRMAN. Senator Biden?

Senator BIDEN. I have a few questions now, Mr. Chairman, if it is appropriate now.

The CHAIRMAN. All right.

Senator BIDEN. Mr. Carlucci, I am glad I finally have a chance to meet you. I have heard much about you. I remember being up in Wilkes-Barre during that flood, and all I ever heard was your name. You did a hell of a job up there.

Ambassador CARLUCCI. Thank you, sir.

Senator BIDEN. If you can do as good a job in the position you are seeking confirmation for, we will be in good shape.

I would like to pursue a different, totally different line of questioning, which probably doesn't disappoint you, and I would like to speak a little bit about your Foreign Service experience, and rather than go through the prepared questions I have, because you have been on for a while and you will be on for a while longer I suspect, I understand you were asked about the Lumumba affair.

I would like to ask you a little bit about your tenure in Brazil and your tenure in Portugal, and I will tell you at the outset the purpose of my questions. I want to better understand the relationship between those who work for Foreign Service and those who are either station chiefs and/or CIA operatives. I am going to try to stick to specific

questions that are prepared because I don't want to err on the side of moving into something that has not been declassified or in any way raise questions of classification.

In Brazil you served as both executive officer and political counsellor to our Embassy in Rio. In the course of 1964, a new military regime had taken over Brazil. Upon your arrival in Brazil, what were your attitudes toward the Brazilian military regime, if you can recall?

Ambassador CARLUCCI. Well, I had several reactions. One was one of hopefulness, that under the leadership of then President Castello Branco, Brazil would evolve to a full-fledged democratic status. As time went on, I became quite frankly disappointed with the progress that was being made. I took the position within the Embassy that our aid program should be more directed at the social area than at the economic development area.

As we went through successive institutional acts in Brazil, I became increasingly pessimistic about the possibilities of Brazil evolving—at least during the time frame that I would be there—into a full-fledged democracy.

Let me add, Senator, that what I just said reflects no comment on the current Brazilian regime or government. I have been away from Brazil for a number of years, and I don't consider myself in any way qualified to comment on the current situation.

Senator BIDEN. I understand that and I appreciate the clarification.

While you were in Brazil, what was your relationship with the CIA?

Ambassador CARLUCCI. Well, I had about the same relationship at the outset that any Embassy political officer has with the intelligence agencies.

Senator BIDEN. More specifically, did they cooperate harmoniously with you and with the Embassy staff, or did the station play an independent role of which you were not aware?

Ambassador CARLUCCI. At the time I arrived, my reporting responsibilities were very specific, and the only area where I had contact with them at that point was in the youth area, and we had very close cooperation in that area.

Senator BIDEN. Did you ever ask the CIA for specific information?

Ambassador CARLUCCI. Oh, yes, sir.

Senator BIDEN. And having done so, did you go into the operational details with the station?

Ambassador CARLUCCI. No, sir, I did not go into the operational details. I asked them generally for assessments on such and such a situation or what they might know about such and such a leader or such and such a group, and I found them consistently responsive.

Senator BIDEN. Do you think the Embassy should be able to get information with regard to the operational details? Do you feel in any way it impacted negatively on your ability to perform your function in the Embassy?

Ambassador CARLUCCI. No, sir, I don't. I think that the statutory responsibility of the Director of Central Intelligence to protect sources and methods is reasonable. I found that through a constant dialogue, through a great deal of contact, that I was able to obtain both from the station and from the Defense Intelligence Agency, all the information I needed to carry out my responsibilities.

Senator BIDEN. Now, doesn't the ambassador have the statutory responsibility to control all American Government agencies that are involved in another country?

Ambassador CARLUCCI. I don't know if that is the precise phrase that has been used, whether it is control or manage, but generally in that sense, yes; he has overall responsibility for the management.

Senator BIDEN. You don't have any question that in order for him to do any of the things which you have stated, control or oversee or whatever the phrase is, that he has to know what Government agencies are doing, do you, or do you?

Ambassador CARLUCCI. Well, Senator, if I may step back just a second from that question, because this has been debated a lot within the Foreign Service, from what I would call a metaphysical perspective. What if I am not being told everything or how do I know that I am being told everything. Well, it is very hard to prove a negative, and my experience has been that you can only codify this so far, and that the State Department and the Agency have gone a long way in laying down the guidelines on what information shall be made available to the Ambassador. The rest of it depends very much on the station chief and the Ambassador. If you have a station chief who is open and frank, forthcoming, as forthcoming as he can be with the Ambassador, and you have an Ambassador who is interested in the intelligence activity, is willing to spend time working with the intelligence agency, gives them full guidance, includes them in policy discussions, and sets up, in effect, what we did in Brazil and Portugal, a clearance process where reports are shown to other sections of the embassy before they go and people are allowed to comment, and if there is adequate channel for dissent, I think an amicable relationship can be established which enables the Ambassador fully to exercise his responsibilities.

Senator BIDEN. Do you think station chiefs should have the ability to preclude the Ambassador from having access to the operational traffic, the cable traffic?

Ambassador CARLUCCI. If an issue like that arises, and a station chief believes that he is being asked to contravene the 1947 act, the issue should be referred to Washington for resolution.

Senator BIDEN. While you were in Brazil, were you privy to reports of torture and other deprivations of human rights by the Brazilian regime at that time?

Ambassador CARLUCCI. I am not sure what you mean by privy to reports.

Senator BIDEN. Official reports, CIA or any other—

Ambassador CARLUCCI. I may have seen some CIA reports. We did hear of cases, and as political counsellor, we reported to Washington on—

Senator BIDEN. That was a report that you compiled.

How about any report that was compiled by anyone else other than you?

Ambassador CARLUCCI. Senator, in all honesty I can't tell you what I saw or did not see. I can't remember all the reports, the intelligence reports that I saw in Brazil at that time. It is perfectly possible that I would have seen some reports regarding torture.

Senator BIDEN. To what extent should the Ambassador engage in the tasking of intelligence assistants with respect to the countries in which they are stationed?

Ambassador CARLUCCI. Well, I think he ought to have a very important role in that. I think he ought to be the spearhead. I would urge Ambassadors to give direction to the intelligence agencies, and where there is some incompatibility between the direction coming from the Ambassador and what might be coming from Washington, that is an issue for Washington and the Ambassador to resolve. But I think it is very important that the Ambassador participate in the tasking of the Intelligence Agency.

Senator BIDEN. To what extent do you find that intelligence reports on Portugal were useful additions to your knowledge of the situation there, and to what extent did they seem to rely heavily on Embassy reporting?

Ambassador CARLUCCI. Well, when I first arrived, intelligence reports were not all that valuable, but as time went on quantity and quality improved considerably so that I was able to rely on them, and to a great extent—

Senator BIDEN. Is that because you got involved in the actual tasking?

Ambassador CARLUCCI. I wouldn't claim that that was the sole factor. Lisbon had been a rather sleepy post prior to the revolution; a great deal of attention was directed at Lisbon subsequent to the revolution. I myself took a deep interest in all intelligence activities. I would hope that that had something to do with the quality, but I can't say that I was solely responsible.

Senator BIDEN. What steps could be taken to make intelligence reporting more useful to Ambassadors or other on the spot representatives of U.S. Government? What would you recommend?

Ambassador CARLUCCI. Well, that is a hard question, Senator, to answer at a confirmation hearing because I really haven't seen both sides of the equation. I haven't seen in detail what the specific needs of the Washington intelligence community are and how well the format that has been developed—

Senator BIDEN. That is why I am asking you now before you put on a different hat.

Ambassador CARLUCCI. I find them rather hard to read, for one thing. I think by and large they are written in an awkward style. Maybe that is part of the nature of the business where every detail has to be put in, in very specific terms. I think the recent procedure where they have put in summaries helps some. I think we need to develop with the State Department—and I have already discussed this with Admiral Turner and with the National Security Council, a better division of reporting responsibilities so we can decide more specifically in different countries what the targets of regular embassy reporting should be and what the targets of intelligence agencies should be. But I don't really have a great deal of criticism of the intelligence reporting or the kind of intelligence reporting you are referring to as it existed during my tenure as Ambassador or my days in Brazil.

Senator BIDEN. So that there isn't any real significant change you would recommend being made. You were basically happy with your



relationship with the Agency while you were in various capacities with the Foreign Service.

Ambassador CARLUCCI. Yes, sir, I think that is a fair statement.

Senator BIDEN. I will conclude with this question, Mr. Chairman.

It has been on occasion facetiously suggested, and I am not sure it is such a silly idea, that before a CIA or any other intelligence personnel were sent out into the field to give or to compile a report which would be used by either the intelligence community at home, the State Department or the Ambassador to the Embassy on the spot, in terms of political analysis of what is happening—and what brings this up, as a member of the Foreign Relations Committee, I was active in that committee at the same time you were active in the very active atmosphere of Portugal, and I have wondered whether or not, and it surprised me that you were satisfied, that you appear to be, with the intelligence reporting that you received, but I am delighted to hear that.

It has been suggested that quite possibly before any operative be put out in the field and do a political analysis, that they be sent back to their own congressional district, and I am not being facetious at all, to do an analysis of the political situation in the Scranton-Wilkes-Barre area, for example, because I find it very, very difficult to understand how someone indigenous to an area, raised in the political culture and system, fully cognizant of the players involved, can come up with such horrendous statements and suggestions off the record about what is happening politically in certain areas, and how the hell they can go to an area where they don't understand the language that well, sometimes, when they don't know the players, and when they are clearly not indigenous in any way to the area, and yet we in the Foreign Relations Committee and you in the intelligence community, the President and the White House, the State Department and Foggy Bottom all rely on these kinds of assessments to varying degrees.

Is there anything that you could practically suggest, because above all, you are a practical man, and I mean that as a compliment. I have watched you operate, and you are very, very good. Operate is not the right word. I have watched you work, because I really mean that. I was very involved in, for example, that Wilkes-Barre thing and you came in and you took charge. And you cut through a lot of the red tape, and you got things done, and you did the same thing in Portugal. You have been very, very good and I was really looking forward to some practical, helpful suggestions before you are co-opted in the best sense of the word in the Agency and you are good in all that garbage and legalese, and you know, it seems to me we need somebody who can, you know, discuss issues with us in everyday terms that we can all understand.

Well, anyway, you understand the question.

Ambassador CARLUCCI. I understand the question. I do not take your suggestion about putting people out in congressional districts facetiously. I think one of the things that was most helpful to me in my experience in Portugal was my background in domestic agencies. It gave me a much greater understanding, not only of how our own country would react to a given set of policies, but enabled me to talk to the Portuguese about such issues as health or education, on a reasonably technical basis, and it enabled me to give much better direction to the AID program.

You mentioned two things, and there is one area, that I think the Agency can improve that hadn't occurred to me when we were talking before, and that is language capability.

I was informed perhaps erroneously, and if so, I would like to correct the record, that not all people going overseas are given an opportunity to have language training. I believe very strongly that they should be, even if it means a gap in a particular position for a certain period of time. I don't see how anyone can be expected to operate in a foreign environment without a working knowledge of the language. The one time I was put in that situation was when I was sent out on very short notice to Zanzibar.

Senator BIDEN. And you left rapidly.

Ambassador CARLUCCI. I left rapidly, but in the interim, I learned Swahili and I passed the Zanzibar civil service examination in Swahili, and I spent a considerable time on my own learning. I resolved at that time never to go to a country without learning the language first.

So I think we can probably take a look at that in terms of reporting. I already mentioned to you that I found the intelligence reports rather hard to read, and I think maybe we could do with a little improvement in writing skills, simple, straightforward sentences in which—I am about to complicate my own sentence, so let me just say straightforward sentences which convey the idea as simply as possible. It would be helpful.

Senator BIDEN. I have other questions, but I know other members do, too. But I would like to ask, Mr. Chairman, to be excused to go back to the judiciary hearings for the confirmation of Judge Webster, and that is the only reason I am leaving, because I haven't had an opportunity to question Judge Webster, and I appreciate your responses to my questions.

The CHAIRMAN. Thank you, Senator Biden.

Senator LUGAR, do you have any questions?

Senator LUGAR. No questions.

The CHAIRMAN. Senator Hart?

Senator HART. Thank you, Mr. Chairman.

Like most of my colleagues, at least on this side of the table, I think that you have gathered, Mr. Carlucci, that there is some concern about your activities with regard to domestic programs several years ago. I should state for my colleagues that about a year ago we had the opportunity to meet in Lisbon in my capacity as a member of this committee. I wanted to step off and talk to you about what you were doing there, and based on that acquaintance at that time I have been a strong advocate and supporter of yours, and frankly, I think your selection is an extremely good one. I think, not only as you can tell, we feel there is a job to be done out here, but my own views are strongly that you have the qualifications to do that job.

Let me pursue a couple of questions, one of which was raised first by Senator Biden about the relationship between Ambassadors and stations, and pick up where he left off.

As you recall, I know you are familiar with this, Congress did address itself to the question of the role of Ambassador vis-a-vis other American presences in foreign countries, and stated that the Ambassador was to be knowledgeable of all activities.

Secretary Kissinger failed to implement that legislative instruction, and I think it was by letter that President Ford eventually let ambassadors, let the State Department, CIA know who was supposed to be in charge. My recollection may be faulty here.

Just to clarify the record a little bit on this issue is it your view that in the diplomatic positions that you have held particularly recently, that you were knowledgeable of all that you needed to know about agency activities in the countries in which you served?

Ambassador CARLUCCI. Yes, sir.

Senator HART. Also, based upon what I think to be now an implementation of that legislative intent and Presidential mandate, it is also your understanding that all station chiefs are now aware that they are to report fully and freely to Ambassadors, with of course the qualifications of sources and methods?

Ambassador CARLUCCI. Yes, sir, Senator, that is my understanding.

If I may, I would like to go back to my answer to your previous question and tie it in to what I said to Senator Biden. I was satisfied when I left. I had a rather unhappy experience shortly after I first arrived where an intelligence report that I did not see triggered a policy action in the State Department that could have had very unfortunate consequences, and in the end did have in my judgment undesirable consequences. I submitted a very strong complaint to the State Department, to the Agency, and was told that that situation would be corrected, and it was. So I don't mean to say that my relationship was perfect all the way. In fact, there were from time to time misunderstandings, and we would discuss these misunderstandings thoroughly. I devoted a lot of time and attention to the subject and I think that during the past year and a half we had a very good working relationship.

Senator HART. What would be your policy in the position to which you are nominated on the question of relationships between stations and the diplomatic side?

Ambassador CARLUCCI. Well, I think that is one of the areas where I ought to be able to make a real contribution because I will, I hope, after a few months in the Agency, understand the problems from both perspectives. It is essentially a question of developing mutual confidence at the post level. As I said earlier, I think we have codified it about as far as we can. It is clear that the Ambassador has a right to receive certain types of information. It is equally clear that the station chief has a statutory obligation to protect sources and methods. Where those conflict, and I think there would be very, very few cases where they would really enter into conflict, then I think the issue has to be resolved in Washington. But the Agency, for example, is now planning a training course, a 2-day training period for Ambassadors before they go out. I think this is highly desirable, and I would intend to take a personal interest in it myself.

I am already planning, and I have discussed with Deputy Under Secretary Ben Reed, to get together with him to discuss what ought to be appropriate reporting targets. I would certainly endeavor to the best that I can to have personal contact with Ambassadors as they go through the Agency for their briefing.

So I think it is a role I can play.

Senator HART. What if you are notified by the State Department that the Ambassador is not being briefed and not being kept fully informed of activities, not sources and methods but activities or information from the station, perhaps simply because the chief of station is convinced that the Ambassador is not qualified to have this information, or for one reason or another believes that he might accidentally disclose it or can't otherwise handle sensitive materials?

Ambassador CARLUCCI. My inclination would be to call the station chief back and find out just what his grounds are for making that kind of a statement, then to discuss it with the State Department, see if they want to call the Ambassador back to discuss it, or how they want to handle it from their side, and to work with the State Department to try to reach a judgment as to the nature of the problem. If the problem cannot be resolved amicably between those two people, then maybe one or the other ought to be transferred, but that would be an extreme situation. But generally I am convinced these problems can be worked out through a mutual dialogue.

Senator HART. But the policy you will pursue is generally in favor of obviously the intent of the law?

Ambassador CARLUCCI. Certainly.

Senator HART. And the policy adopted by the State Department?

Ambassador CARLUCCI. I do not see any conflict between the intent of the law that the Ambassador should be kept informed and the policy adopted by the State Department, and the 1947 National Security Act. I think those can be resolved.

Senator HART. On another issue, as you are well aware, we have had an unfortunate experience in weeks and months with situations where, in the past, high officials in the intelligence community have found themselves, at least in their own judgment, to be in a high state of conflict between what they consider to be their oath of secrecy and the obligation to testify responsively and truthfully to committees of Congress.

Now, what is your attitude in this regard? You will be before, presumably, in the future, this committee or the Foreign Relations Committee or others in closed session. You will be asked questions about activities of the Central Intelligence Agency or the community itself. What generally are your views about activities then under way and your obligation under oath to report those to those committees?

Ambassador CARLUCCI. Well, I don't know of any oath of secrecy. Perhaps I am not aware of one. I am aware of the 1947 act which gives the Director the responsibility to protect sources and methods, but I see no higher obligation than to be truthful in responding to questions by Members of Congress. If I cannot respond to a question in open session I would simply ask for an executive session, and I see no problem with making information available pursuant to the new Executive Order 12036 in connection with the oversight responsibilities of this committee or any other committee of Congress.

Senator HART. I certainly agree with you. Unfortunately, there were those in the past, unfortunately not just one but a number who did believe they had some obligation, moral, legal or otherwise, to not report, if you will, to committees of Congress, even in closed session, and that led to the difficulties we had.

I have been concerned in this committee about the issue of intelligence hardware. The intelligence community, as you well know, procures a lot of contract or produced equipment in its activities in large amounts and at great expense. In my examination of this question, I find that only a very few companies actually produce and in many cases operate—and I want to get into it perhaps in more detail in executive session—but I have a strong feeling that it is not in our national interest, national security interest to have a very few number, a very small number, a handful of companies bidding on this equipment and actually operating it in the field and domestically.

Do you have any thoughts on the breadth of the industrial base in competing for these contracts?

Ambassador CARLUCCI. Senator, I don't have any thoughts as such on the breadth of the industrial base because it is a pretty technical question and I haven't been involved in that area at all. I do have some rather strong feelings about general contracting procedures in agencies. This was one of my areas of responsibility when I was Associate Director for Management in OMB. It was an area that I looked into in some depth in OEO and in HEW, and in both OEO and HEW I found some fairly shocking patterns. I think such things as contract review boards and guidance on contract monitoring, and attempts to obtain the widest possible base on RFP's are absolutely essential. I have already discussed with Admiral Turner the possibility of my looking at this whole area if this committee should decide to confirm me. It is an area that I am very interested in. I have already had some preliminary discussions. I understand there are contract review boards, but it is not entirely clear to me yet what responsibility they have and whether the contracting function is so decentralized that it is subject to potential abuse. It may not be, but it is an area I certainly intend to examine.

Senator HART. Well, I don't want to pursue it because I certainly understand your situation. But it is the problem of potential abuse that concerns me most, not how we spread the dollars around. It is the fact that if you hold substantially large or important contracts with the Federal Government in the intelligence area, it may in fact cause you and it may in fact in the past have caused some companies to become immune from prosecution for a whole variety of things because of the key role they would play in this whole area, and that is the concern.

Ambassador CARLUCCI. Well, I would admit, Senator, that we certainly have to be more careful than any other agency for that very reason.

Senator HART. Thank you very much.

Senator HATHAWAY. Senator Case.

Senator CASE. I understand we are going to have an executive session.

Senator HATHAWAY. Very shortly.

Senator CASE. Well, I have no questions.

Senator HATHAWAY. Senator Lugar, do you have any questions?

Do you have any more?

No, go ahead.

Senator HUDDLESTON. Mr. Carlucci, Secretary of State Cyrus Vance appeared before the Foreign Relations Committee to state that covert

operations should be limited to only, and I quote, "the most extraordinary circumstances."

Do you agree with that statement?

Ambassador CARLUCCI. Yes, sir, I agree with that statement, and I agree with I believe it is the Hughes-Ryan amendment that says that they have to be important to the national interest, and both of those are good criteria.

Senator HUDDLESTON. Do you want to stick with that word important, or would you like the word essential?

Ambassador CARLUCCI. Well, Senator, I would prefer to deal with that issue in the context of subsequent legislation.

Senator HUDDLESTON. You will have an opportunity to comment on that further, I think, before very much longer.

What principles or guidelines do you feel are appropriate to determine if and when a covert action should be undertaken?

Ambassador CARLUCCI. Well, first of all there has to be an appropriate finding by the President. The procedures under the Hughes-Ryan amendment have to be followed.

Second, the action is one that cannot be done overtly. Third, the potential gains outweigh the risks. Fourth, that there are very specific goals, and that the operation is time-phased so that it is, in effect, a tool of our foreign policy and not a crutch.

Senator HUDDLESTON. Sometimes we have a little difficulty distinguishing between covert action and clandestine collection.

Do you have any ready differentiation between those two kinds of programs?

Ambassador CARLUCCI. Not at this point, Senator. I think there is a thin borderline there, and I would really feel very inadequate in trying to get into a definition at this point.

Senator HUDDLESTON. At any point they are closely related. If we do not apply precisely the same standards to clandestine collection, as we do to covert action we must take similar care.

Ambassador CARLUCCI. There are some very risky clandestine collection methods, certainly.

Senator HUDDLESTON. There has been a lot of discussion and a good deal of controversy in the past about presidential knowledge of particular CIA covert actions, such as assassination plots.

Do you think the President should have personal knowledge of all major CIA covert actions?

Ambassador CARLUCCI. Yes, sir, I do, and the new Executive order makes that very clear.

Senator HUDDLESTON. Not only actual knowledge of it. He must approve it.

Ambassador CARLUCCI. He must make a determination.

Senator HUDDLESTON. He must make a determination that it is important to our national security.

There has been a lot of controversy about various paramilitary operations that have been carried out in the past.

Do you believe the CIA should maintain a paramilitary capability?

Ambassador CARLUCCI. I think the Agency should probably maintain a minimal paramilitary capability, but there I would agree, too, with Secretary Vance's statement that it ought to be used only in

the most extraordinary circumstances. With the growth of terrorism in the world, I can conceive of circumstances where it might indeed be necessary to use that capability.

Senator HUDDLESTON. Do you see that capability as one way in which we might respond to a terrorist attack of some kind?

Ambassador CARLUCCI. I see it as a possible way of responding.

Senator HUDDLESTON. Hijacking or kidnaping or something of that nature?

Ambassador CARLUCCI. Something of that nature; I could conceive of other cases, all hypothetical, but I certainly think it is a capability that should be used very, very sparingly.

Senator HUDDLESTON. Even more so, probably, than the other clandestine—

Ambassador CARLUCCI. Oh, yes, sir, there is no question about it.

Senator HUDDLESTON. I think that is all the questions I have, Mr. Chairman.

Senator HATHAWAY. Thank you.

Mr. Carlucci, let me ask you one final question in regard to the meaning of the Malek memo that you looked over the other day and have had a chance to look over since.

Do you now realize that what was intended to be done, and I guess was done to a certain extent, but not by you, at that meeting was illegal?

Ambassador CARLUCCI. Well, Senator, I accepted the definition you gave me, in which case, if this memo was implemented, it represents a systematic attempt to direct grants in a certain political direction. I accept it in that case as illegal. I did not realize it at the time. I attended the meeting and discussed it, although I do not recall ever seeing the memo before you showed it to me.

Senator HATHAWAY. But what I am more concerned with is to have your assurance that you would report to this committee if any similar activity took place—if at any time any political pressure was put upon you by the Administration, by Members of Congress, or by somebody on the outside that you would report that fact to this committee immediately.

Ambassador CARLUCCI. Sir, I would attempt to take a position with my superiors or with a Member of Congress. If I found that my position did not prevail and I felt it was an illegal, immoral or unethical act, I would then resign. I would be prepared to come to the committee after resignation, but I think I have an obligation to my superiors to make my views known to them first before I come to any committee of Congress.

Senator HATHAWAY. Don't you think it would be important for us to know if this were attempted by anyone?

Ambassador CARLUCCI. There are channels such as the Intelligence Oversight Board which might be available. That, of course, depends on the policy of the Board and White House policy. I certainly have no desire to keep any kind of information regarding illegalities or improprieties from this committee. I agree with you, the committee ought to be kept informed. The only question is what is the proper course of action for me as the Deputy Director to pursue.

Senator HATHAWAY. We could be assured that we would be informed.



Ambassador CARLUCCI. You would be informed, if by nothing else, by my resignation.

Senator HATHAWAY. By one way or another.

Ambassador CARLUCCI. One way or another.

Senator HATHAWAY. Soon after it happened.

Ambassador CARLUCCI. Yes, sir.

Senator HATHAWAY. Thank you.

Now, there is one other thing I wanted to clear up for the record because it might be asked at a subsequent time, and that is the incident involving the freeze of personnel shortly after President Nixon was elected in 1972. I understand he imposed a freeze on hiring any additional personnel, but that then someone from the White House tried to get you, when you were deputy at OMB at the time, to hire 137 people.

Would you relate to the committee just what action you did take?

Ambassador CARLUCCI. Yes, sir; first of all, to put the freeze into perspective. It was, as you indicated, a 2-month freeze. Its purpose was not to prevent the employment of anyone in the U.S. Government. Its purpose was to prevent a ballooning of agency staffs until the President's budget came out and laid down appropriate guidelines for personnel. It was not punitive in any sense of the word. For this reason I was granted authority to make exceptions to the freeze in the case of urgent need, or where in my judgment hardship would result. I did make a number of exceptions. I was approached by the political side of the White House about 2 or 3 weeks before the freeze was due to end, and they did present a list, as you indicated, for 137 people. It seemed to me they could wait for another 3 weeks until the freeze was due to end. But I indicated at the same time I would be prepared to consider genuine hardship cases.

They pointed out that there were some people on the list who had been employed by the Government before in schedule C positions and who were going to be presumably employed subsequently in schedule C positions. Some of them were low-level clerical people, and a gap of 3 weeks without a salary would have worked a hardship on them. So when the list was scaled down from some 137 to, I don't know, about 28 or 30, I agreed that an exception could be made. That exception—and I want to underscore the point—was to the freeze. We made it clear in communicating to the agencies that we were not recommending these people. We said that appropriate hiring procedures, civil service regulations were to be followed in every case. All that we were saying was that if agency x wanted to hire one of these particular individuals, the freeze would not stand in their way.

Senator HATHAWAY. That was just for the duration of the freeze.

Ambassador CARLUCCI. That was just for the duration of the freeze.

Senator HATHAWAY. Then they could do whatever they wanted with the people?

Ambassador CARLUCCI. Then they could do whatever they wanted.

Senator HATHAWAY. Were some put on the Inaugural Committee?

Ambassador CARLUCCI. I didn't follow it that closely. I wouldn't be surprised if somebody—you mean some of the 137 that I refused to accept?

Senator HATHAWAY. Right.

Ambassador CARLUCCI. I wouldn't be at all surprised, but I—frankly we were very occupied putting the budget to bed at that time.

Senator HATHAWAY. All you did was to take care of the 28.

Ambassador CARLUCCI. All we did was take care—I think there were 4 or 5 more that came along after the 28.

Senator HATHAWAY. Just a short period of time.

Ambassador CARLUCCI. Just a short period of time, as I recall. Just 2 or 3 weeks.

Senator HATHAWAY. Let me ask you just one final question about the budget and disclosure of the total amount of money that is appropriated each year for intelligence activities.

As you know, that is a question that hasn't been resolved by the Senate, and the House is now in the process of having hearings on it also.

Do you have any opinion on whether it should be disclosed or not?

Ambassador CARLUCCI. Yes, sir, Senator. Quite honestly, my intuition is against disclosing it because the intelligence business is putting together bits and pieces from any conceivable source. While our adversaries probably have knowledge of what that figure is, giving it to them just confirms the information they may have, or helps form a broader picture.

On the other hand, I recognize quite clearly, as I said before the committee the other day, that we do have a credibility problem with regard to our intelligence agencies, that the only way we can solve this credibility problem is by working with the Congress through this committee, its counterpart in the House and other committees. If in the judgment of the Congress it is important from the credibility perspective, and from the perspective of letting the general public know that the intelligence budget is not being abused, then I would agree to making the figure public.

But quite frankly, I would not like to be the floor manager of that particular bill.

Senator HATHAWAY. Thank you very much.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Carlucci, I note in reading one of those articles that was referred to by our colleague from the other body, the experience you had in the Congo which involved a rather narrow escape with a violent mob in which you comported yourself with great distinction; was that the occasion of the State Department's Superior Service Award that you received?

Ambassador CARLUCCI. My recollection is it wasn't for that specific occasion but just for general work.

The CHAIRMAN. Just because of your good work and your general personality.

Ambassador CARLUCCI. I would like to think it was for my general work including, I believe, the citation speaks of my reporting responsibilities as well, sir. So I think it was directed at my service in general in the Congo, and not that particular occasion.

The CHAIRMAN. Not having been there, just reading it frightens me and I congratulate you for some quick thinking there.

I note that the nominee also received the State Department Superior Honor Award in 1969. Was that for service in Brazil?

Ambassador CARLUCCI. Yes, sir.

The CHAIRMAN. And the HEW Distinguished Service Award in 1974. Was that for the flood?

Ambassador CARLUCCI. No, sir, that was for my service as Under Secretary of HEW.

The CHAIRMAN. That should rate the Medal of Honor.

[General laughter.]

The CHAIRMAN. Maybe the record should show that that was an untimely remark, if you didn't catch it.

If there are no other questions or untimely comments like the last one, I suggest that we adjourn and reconvene in 407 to have a little discussion with Mr. Carlucci in closed session, after which I hope we are prepared to deal with this matter.

[Whereupon, at 3:35 p.m., the committee recessed, to reconvene in executive session.]

## APPENDIX A

### BIOGRAPHY OF FRANK C. CARLUCCI

October 18, 1930: Born, Scranton, Pa.  
1944-48: Preparatory School, Wyoming Seminary, Kingston, Pa.  
1948-52: Princeton University, A.B. Public and International Affairs.  
1952-54: U.S. Navy, Lt. (jg.), gunnery officer and ASW officer. U.S.S. *Rombach*, DE-364.  
1954-55: Harvard University Graduate School of Business Administration (1 year of 2-year course).  
1955-56: Jantzen, Inc., Portland, Oreg., management trainee.  
July 1956: Appointed Foreign Service Officer, Class 7, assigned to Washington.  
October 1957: Economic Officer, Johannesburg, South Africa.  
March 1960: Political Officer, Leopoldville, Congo.  
February 1962: Officer-in-Charge, Congolese Political Affairs, Department of State.  
February 1964: Principal Officer (Consul General), Zanzibar.  
July 1965: Political Officer, subsequently Executive Officer, subsequently Political Counsellor, Rio de Janeiro.  
July 1969: Office of Economic Opportunity, Assistant Director for Operations.  
January 1971: Office of Economic Opportunity, Director.  
September 1971: Office of Management and Budget, Associate Director.  
June 1972: Office of Management and Budget, Deputy Director.  
August 1972: President's Special Representative for Disaster Relief, Pennsylvania (Hurricane Agnes—concurrent with OMB responsibilities).  
January 1973: Department of Health, Education and Welfare, Under Secretary.  
September 1974: Promoted to FSO—Career Minister.  
January 1975: Ambassador to Portugal.

### AWARDS AND HONORARY DEGREES

State Department Superior Service Award, 1962.  
State Department Superior Honor Award, 1969.  
HEW Distinguished Service Award, 1974.  
Defense Department Distinguished Civilian Service Award, 1977.  
Wilkes College, Honorary Doctorate, 1973.  
Kings College, Honorary Doctorate, 1973.

### ASSOCIATIONS

American Foreign Service Association.  
National Academy of Public Affairs.  
Council on Foreign Relations.

### PERSONAL

Married to Marcia McMillan Myers, April 15, 1976; two children, Karen age 19, and Frank age 14.

## APPENDIX B

Central Intelligence Agency



Washington, D.C. 20505

23 January 1978

The Honorable Daniel K. Inouye  
Chairman, Select Committee on Intelligence  
United States Senate  
Washington, D.C. 20510

Dear Mr. Chairman:

In connection with his nomination to be Deputy Director of Central Intelligence, Ambassador Frank Carlucci has provided me with a list of securities and other financial assets owned by him, his wife, and his minor children.

The Ambassador's financial interests are primarily bank accounts. In addition, he has a small holding in a bank in Wilkes Barre and his wife owns some shares in a mutual fund and a small holding in a utility company in Wisconsin. This Agency has no contracts or business with any of these entities and we perceive no likelihood of any business with them. Under these circumstances it is my opinion that the financial interests of Ambassador Carlucci and his family create no conflict of interest that would stand in the way of his nomination to be Deputy Director of Central Intelligence.

Sincerely,

A rectangular box containing a signature, likely of Anthony A. Lapham.

Anthony A. Lapham  
General Counsel

25X1A

APPENDIX C

LARRY P. McDONALD  
7TH DISTRICT, GEORGIA  
  
WASHINGTON OFFICE:  
804 CANNON HOUSE OFFICE BUILDING  
WASHINGTON, D.C. 20515  
TELEPHONE: (202) 225-2951  
  
COMMITTEE:  
ARMED SERVICES  
  
SUBCOMMITTEES:  
RESEARCH AND DEVELOPMENT  
SEAPOWER AND  
STRATEGIC AND CRITICAL  
MATERIALS

Congress of the United States  
House of Representatives  
Washington, D.C. 20515

DISTRICT OFFICES:  
  
Room 380, 1st NATIONAL BANK BUILDING  
100 CHEROKEE STREET  
MAKETT, GEORGIA 30060  
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381 FEDERAL BUILDING  
ROME, GEORGIA 30161  
TELEPHONE: (404) 291-7777  
  
POST OFFICE BUILDING  
ROSEVILLE, GEORGIA 30741  
TELEPHONE: (404) 856-2222

February 3, 1978

Honorable Birch Bayh  
Chairman, Subcommittee  
Senate Select Committee on Intelligence  
Washington, D.C. 20510

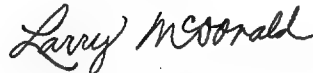
Dear Senator Bayh:

During the hearing on January 30th concerning the nomination of Ambassador Frank Carlucci as Deputy Director of Central Intelligence, you and Senator Hart raised some questions that were not answered in sufficient detail. I would like to submit this letter and the attached memorandum with the request that it be included in the printed record of the hearing.

Both the New York Times article of December 31, 1970, and the story in the Washingtonian of April 1976 are based on the boasts of Mr. Carlucci and his supporters about his record in the Congo. It is clear from these recent articles that Mr. Carlucci is seeking credit for policies in the Congo that have proved disastrous for American interests and human rights in that region.

Senator Hart expressed shock when I indicated that "The so-called 'reform' provisions \*\*\* are really restrictions on intelligence gathering (and) were to a large measure suggested by the enemies of the CIA with the purpose of reducing its effectiveness." Senator Hart pointed out that the "so-called 'reform' provisions" were compiled by the Select Committee on Intelligence (the Church Committee). We were both correct, as the enclosed report shows.

Sincerely,



Larry McDonald  
Member of Congress

LMcD:na

1. CENTER FOR NATIONAL SECURITY STUDIES and AMERICAN CIVIL LIBERTIES UNION.

Book I of the Committee's Final Report, Foreign and Military Intelligence, printed as an appendix seven proposals for restricting covert action (p. 511). One of these is by Morton Halperin and a second was produced by a private group called the Study Group on Intelligence Activities from the Institute of Politics at Harvard of which Halperin was also a member. The appendix introduction states that the private study group "was established in September 1975, on the basis of an understanding between the Institute of Politics and the staff of the Select Committee\*\*\*." There is no indication given that this private group which met between October 1975 and January 1976 to examine "aspects of the National Intelligence community's mission and structure" with the Committee staff was involved by vote of the Committee Members.

Morton Halperin is identified in the appendix as "Director, Project on National Security and Civil Liberties," and by his former positions at the Brookings Institution, on the National Security Council and in the Department of Defense. At the time of his testimony before the Committee in December 1975, his involvement with the Project was not mentioned.



The Project on National Security and Civil Liberties is sponsored jointly by the American Civil Liberties Union (ACLU) and the Center for National Security Studies (CNSS) with which Halperin has been associated since its formation in 1974.

The ACLU's hostility to foreign and domestic intelligence gathering is long standing as examination of its annual reports since 1962 clearly shows. In its 1970-71 Annual Report, the ACLU said it had *"made the dissolution of the Nation's vast surveillance network a top priority.\*\*\* The ACLU's attack on the political surveillance is being pressed simultaneously through a research project, litigation, and legislative action."*

The ACLU research project called the "Political Surveillance Project" was directed through the period of the Committee's hearings in 1975 by Frank J. Donner, identified by three sworn witnesses as a Communist Party, U.S.A. member during the 1950s. A more detailed background on Donner was provided in my testimony before the Senate Judiciary Committee's Subcommittee on Internal Security in the Hearing, "Subversion of Law Enforcement Intelligence Gathering Operations," Part I, March 26, 1976, pp. 16-17. At that time Donner was a member of the advisory board of Organizing Committee for a Fifth Estate, publishers of *Counter-Spy* magazine, which stated it shared the goal of another of its advisers, CIA turncoat Philip Agee, to destroy all covert operations and "stop spying." Following the Fifth Estate group collapse, Donner became a speaker for its successor, the Public Education Project on the Intelligence Community (PEPIC), which merged in 1977 into a lobbying group headed by Morton Halperin called the Campaign to Stop Government Spying..

In its nationwide litigation campaign against intelligence, the ACLU is working in close cooperation with members of the National Lawyers Guild (NLG), a Communist Party, U.S.A. legal front group formed with the assistance of the Comintern, remains under the control of the Communist Party and its younger Castroite supporters, and not only has made public statements in support of terrorist "armed struggle" but passed a resolution at its 1977 convention to work with the terrorist Palestine Liberation Organization after a delegation met not only with Yasir Arafat but with the PLO's Popular Democratic Front group responsible for the murder of the school children at Maalot. Many of the ACLU's lawyers in anti-intelligence litigation are also NLG members like Frank Donner, as pointed out in the Senate Internal Security Subcommittee Hearing, "The Nationwide Drive Against Law Enforcement Intelligence Operations," September 1975, p. 35, which also documents a number of court decisions supporting intelligence-gathering in cases originally brought by ACLU.

The Center for National Security Studies, operating under the sponsorship of the Fund for Peace, made its debut with a two-day Washington, D.C., conference on "The Central Intelligence Agency and Covert Activities" in September 1974. Participants in the CNSS's first public activity included Robert L. Borosage, CNSS director and in 1974 a member of the NLG's Washington chapter executive board who for several years as a fellow of the Institute for Policy Studies (IPS) worked on anti-intelligence projects and after moving to the new CNSS organization remained both an IPS trustee and one of its attorneys. Other participants included CNSS staffer John D. Marks who also worked with the Fifth Estate's *Counter-Spy* magazine and PEPIC efforts; Frank Donner; Fifth Estate member Bart Osborn; Ivanhoe Donaldson, an IPS employee who formerly was a leader of the extremist and violence-prone Student Nonviolent Coordinating Committee (SNCC); Pentagon

Papers thief and leaker of sensitive national security information Daniel Ellsberg for whom Morton Halperin served as a defense consultant; and Richard Barnet, co-director of the Institute for Policy Studies.

Barnet set forth the assertion that all U.S. covert action and clandestine collection of intelligence data, except by satellites, "could be abandoned unilaterally with a net gain in security for the American people." Barnet further argued that the human collection of secret information was dangerous and ill-advised because "spies in the Kremlin are unlikely to produce reliable information and the effort to gain it only jeopardizes the detente."

The theme that human collection of intelligence from secret contacts in foreign lands is "unreliable" is a major theme of CNSS and ACLU and forms the basis for their demands that the use of informants domestically be radically cut. The falseness of the argument is demonstrated by the great service to this country performed by Soviet Colonel Penkovsky, and the acquisition of the Penkovsky Kremlin documents by the CIA which not only revealed the presence of Soviet missiles in Cuba but the thinking of the Soviet military establishment, particularly their contention that the USSR can win a nuclear war with the United States.

Under questioning by the Chairman, Halperin allowed it might be proper to collect human intelligence against the Soviet Union, but urged it be totally banned in the Third World, the area where the contest between the Free World and the Communists is sharpest.

In light of the hostility to collection of information by secret human sources, it is noted that the Fund for Peace trustees during the formation of CNSS included Mrs. Louise R. Berman, the former Louise Bransten, of San Francisco. During the 1940s and 1950s, she was the subject of considerable testimony by the former House Committee on Un-American Activities. She was a contact for Soviet intelligence agents from the NKVD and GRU, occasionally served as a courier, and was involved with J. Peters, the Comintern representative on the U.S. Communist Party central committee and with Steve Nelson, organizer of an espionage ring which penetrated the Lawrence Radiation Laboratory in Berkeley.

It is instructive to briefly compare the recommendations of Morton Halperin and the private study group of which he was a member with the Committee's recommendations.

Halperin/group

The case against covert operations is really very simple. Such operations are incompatible with our democratic institutions,\*\*\*. (Halperin, p. 520).

g. No covert operations\*\*\* with the objective of assassination. No covert\*\*\* assistance will be given to police or other forces used for internal security purposes that systematically use torture, concentration camps, etc. \*\*\* The receipt of information from foreign security forces would not \*\*\* be barred, but the provision of information to them about their 'targets' would be.\*\*\*

h. Covert operations shall not be used to subvert the results of the democratic processes of other countries. (p. 525)

j. Members or employees of private organizations\*\*\*should not be used to provide cover for covert agents; nor should such organizations themselves be used as vehicles for covert operations. \*\*\* The types of organizations

Committee

The Committee finds that the operation of an extensive and necessarily secret intelligence system places severe strains on the nation's constitutional government. (p. 425).

36. The Committee \*\*\* further recommends prohibiting the following covert activities by statute:

- All political assassinations.
- Efforts to subvert democratic governments.
- Support for police or other internal security forces which engage in the systematic violation of human rights. (p. 448)

43. The Committee further recommends \*\*\* 44. By statute, the CIA should be prohibited from the operational use of grantees who are receiving funds through educational and/or cultural programs which are sponsored by the United States

Halperin/group

which should be included in such prohibition are:

- religious organizations;
- the press;
- charitable and educational foundations;
- universities and colleges;
- the Peace Corps and similar government agencies; and,
- any person who is abroad as a scholar, teacher or adviser with overt U.S. Government support. (p. 525-526)

Committee

Government.\*\*\* against any paid or contractual relationship between the Agency and U.S. and foreign journalists accredited to U.S. media organizations. \*\*\* 47. (against) the operational use of any person who regularly contributes material to, or is regularly involved directly or indirectly in the editing of material, or regularly acts to set policy or provide direction to the activities of U.S. media organizations. 48. \*\*\* prohibition on covert paid or contractual relationship between the Agency and any American clergyman or missionary should be established by law. (p. 456)

That the Center for National Security Studies is hostile to all United States intelligence activities is shown by intimate collaboration with the former Organizing Committee for a Fifth Estate (OC-5) and its speakers bureau, PEPIC. The 1975 while OC-5's magazine was publishing the names of alleged CIA covert agents, its advisory board included Philip Agee, Frank Donner, Victor Marchetti, IPS co-director Marcus Raskin, and Pentagon Papers co-defendant Anthony "Tony" Russo. At the same time, the PEPIC speakers bureau included the following CNSS members: Jerry J. Berman, Robert L. Borosage, Courtland Cox, Morton H. Halperin, and John D. Marks, together with their former colleagues at IPS Ralph Stavins, Mark Raskin and Victor Marchetti. The January 1974, Fifth Estate annual report said the organization's goal was to "end clandestine intervention" and gave some examples, each of which was of U.S. assistance to countries and groups resisting Soviet and Cuban backed subversion. Furthermore, a brochure distributed late in 1975 called on its supporters to "join in the struggle to abolish the CIA." These documents were reproduced in

the Senate Internal Security Subcommittee's Hearing on the OC-5, "Subversion of Law Enforcement Intelligence Gathering Operations," Part I, pp. 27 and 48.

While a significant proportion of the CNSS staff has come from the Institute for Policy Studies (IPS), in addition to those mentioned above they have included David Cortright, Courtland Cox and George Pipkin, other key CNSS staff have come from the ranks of the National Lawyers Guild. These NLG members include CNSS director Robert Borosage; Eda Gordon formerly of OC-5 and PEPIC; Susan Kaplan; and Judy Mead, now the NLG national treasurer. Other staff and consultants have come from the North American Congress on Latin America (NACLA), along with agencies of the Cuban government credited by Philip Agee with providing him with material needed for his anti-CIA expose book. They include Michael Klare, a fellow of the IPS Transnational Institute, whose many travels to Havana (most recently December 1977) are stated by IPS to involve lecturing in U.S. arms sales policies at the University of Havana; and Nichole Szulc, a writer following in the tradition of her father Tad Szulc.

#### II. INFLUENCE OF THE SOVIET AND CUBAN INTELLIGENCE AGENCIES.

Karl F. Inderfurth, a former member of this Committee's professional staff now employed by the National Security Council, stated in an interview with reporter John Rees (See, The Review of the News, May 4, 1977, "A KGB Agent in Washington," p. 33-34; and April 27, 1977, copies attached) that the Committee staff assigned to investigate covert action by the CIA in Chile received their initial leads from three persons: Orlando Letelier, journalist Tad Szulc, and Richard R. Fagen.

Mr. Inderfurth was explaining in the interview why the names, Senate Intelligence Committee extensions and home telephone numbers of himself and Committee staffers Peter Fenn, Diane Edwards Lavoy and Gregory Treverton were in Orlando Letelier's address book. This interview took place weeks after Letelier, a former Allende government cabinet official and ambassador to the United States, had been exposed in the Washington press as an agent of influence, a political action operative, of the Soviet KGB. The text of Letelier's letters, reports and account sheets which were found in his briefcase after his murder in September 1976 were published in the Congressional Record, on June 23, 1977.

The documents show that Letelier had been working to influence U.S. foreign policy toward cutting off economic and military aid to countries which have resisted, generally with open U.S. support, Soviet and Cuban sponsored terrorism and subversion by Communists.

At the time of his murder Letelier was a fellow of the Institute for Policy Studies, co-director of IPS's Transnational Institute (TNI), and an active member of the advisory board of the Center for National Security Studies' sister project, the Center for International Policy (CIP) of the Fund for Peace.

Two of the Senate Select Committee on Intelligence staff served as consultants to the CIP during the period Letelier was actively involved with the group. They are the Committee staff director William G. Miller and David Aaron, who takes responsibility for the preparation of Book I of the Committee's Final Report and is now at the National Security Council. Attached is the rear cover page of the CIP's September 1976 issue of the *International Policy Report* newsletter listing staff, consultants and board of advisors.



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It is noted that one of the CIP staff members is Susan Weber, stated by the CIP to have previously been a copy editor for *Soviet Life* magazine, an official propaganda organ of the USSR whose offices are in the Soviet Embassy and whose U.S. employees have been required to register as agents of the Soviet government.

The third source for the Committee's investigation of CIA activities in Chile was stated by Mr. Inderfurth to be a political science professor who had lived in Chile. This does not even begin to describe Fagen's public political career. As noted in more detail in a report I prepared for the House on the continuing activities of projects set up by Letelier in order to influence U.S. foreign policy against traditional allies on false "human rights" grounds (Congressional Record, March 8, 1977), Richard Fagen traveled to Cuba in July 1969, with a group of U.S. revolutionaries, mostly members of the SDS Weatherman faction, to meet with North Vietnamese Communist officials. Also traveling with this group was Saul Landau, an IPS fellow who has replaced Letelier as director of the Transnational Institute who rather forthrightly described himself in a letter he was sending to Cuba found in Letelier's briefcase as a "propagandist."

In 1967 Fagen was a founding sponsor of the U.S. Committee for Justice to Latin American Political Prisoners (USLA), a front controlled by the Trotskyite Communist Socialist Workers Party (SWP), the American section of the Fourth International which has arranged for the training of Latin American Trotskyites as terrorists by the Cubans starting in 1962. USLA's task is to provide support to arrested revolutionaries and Fagen has retained his Trotskyite contacts, still serving as an "honorary" USLA board member. However, his principal activity has been with Castroite projects.